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Gersten Elected Head Of N. Y. State Bankers

The 50th annual election of officers held by the New York State Bankers Association, and the first ever conducted by mail ballot, resulted on May 8 in the election of E. Chester Gersten, President of the Public National Bank and Trust Co., New York City, to the Association's presidency. Mr. Gersten will take office on May 14, succeeding John P. Myers, President of the Plattsburg National Bank and Trust Co., Plattsburg.

E. Chester Gersten

Other officers elected include C. George Niebank, President, Bank of Jamestown, Vice-President; and E. Burnham Guild, President, First National Bank and Trust Co., Walton, Treasurer.

The Association, whose membership of 854 includes 671 of the State's 697 commercial banks and trust companies, voted last January to abandon plans for its annual convention in order to conserve transportation facilities and manpower needed in the prosecu-

(Continued on page 1772)

Illinois Corporates-Municipals

Special material and items of interest with reference to dealer activities in the above State starts on page 1758.

Can The United States Support A 300 Billion Dollar Debt?

By OLIN GLENN SAXON

President of Pennsylvania Economy League
and
Professor of Economics, Yale University

In 1943, it is estimated, the U. S. will spend about 62% of its national income for war purposes, the United Kingdom 69% of its income, New Zealand, 63%, Canada 45%, and Australia 40%.

Estimates of the post-war national debt of the United States vary widely, ranging from $250,000,000,000 to $500,000,000,000, depending upon the length of the war. In any case the debt, in honest money, will be an all-time world's record. It staggers all imagination as well as the comprehension of anyone who does not believe in the "deficit spending" and "we will owe it to ourselves" doctrines, preached by Keynes, of London, and Hansen, of Harvard, and practiced so fervently of late years on the Potomac.

Dr. O. Glenn Saxon

At the reported current rate of Federal expenditure of $2,000,000,000 per week, some estimate that the debt will be $240,000,000,000 on June 30, 1944, with $70,000,000,000 to $100,000,000,000 more for each year of global war thereafter.

It is quite doubtful if we can actually spend $2,000,000,000 per week. But it is reasonable to assume that the war will necessitate a total debt of $300,000,000,000 to $350,000,000,000 by the end of 1945 or before the world has once again settled down to relative stability.

Assuming a final gross debt of, say, $350,000,000,000, can this gigantic sum, the equivalent of our entire national wealth in 1940, be redeemed in money of present or pre-war purchasing power, or will it be repudiated directly or inflated out indirectly in whole or in part?

The answer is, it can be paid, and will be, if our people have the moral fibre and economic good sense to do it. If

(Continued on page 1764)

Simplification Of Proxy Rules Desirable For All Concerned

Stockholders As Well As Management Would Benefit

By CLARENCE O. DIMMOCK, Jr.
Dimmock, Snyder & Van Patten

Now that a large crop of proxy statements for annual stockholders meetings has been reaped this Spring under the new proxy rules (effective Jan. 15, 1943) of the Securities and Exchange Commission, the proof of the pudding is at hand and it appears timely to analyze, in the light of hindsight, the palatableness of the dish which both the managements and stockholders of corporations are currently eating.

Clarence Dimmock

The following is a random harvest of a few excepts from recent proxy statements which will be used to point up the analysis appearing below. In reading these excerpts it should be borne in mind that the managements of the respective corporations merely wanted the stockholders to vote upon the election of directors.

[The following is a stockholder's proposal contained in the recent proxy statement of Standard Brands, Inc.]

" 'Resolved that if the Standard Brands Incorporated does not declare a dividend of at least 20¢ a share on its common stock for the fiscal year 1942 (provided the 20¢ a share is earned), that all executive salaries of the Standard Brands Incorporated, parent company or any of its subsidiaries shall be cut 25% if the executive salary is $20,000 a year or more.' "

[The following is an excerpt from the recent proxy statement of American Smelting and Refining Company.]

"Apart from the remuneration received by officers and directors as above stated, during 1942, . . . Kenneth C. Brownell received remuneration aggregating $240.00 from General Cable Corporation and $160.00 from Revere Copper and Brass Incorporated; Charles Earl received remuneration aggregating $180.00 from General Cable

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Comment On "The Future Of The Gold Standard"

By FRANK CIST

"The Commercial and Financial Chronicle" of April 1 has invited reader comment on an article in that issue entitled "The Future of the Gold Standard," written by the internationally famous monetary expert, Dr. E. W. Kemmerer, of Princeton, N. J. The timeliness of this article was emphasized within the week by publication, April 7, of a plan for an "International Clearing Union" drawn up by Lord (J. M.) Keynes and sponsored by the British, one avowed purpose being "to supplant gold as a governing factor." Lines of battle, therefore, appear to be drawn between those, like Dr. Kemmerer, who cling to gold, and those, like Lord Keynes, who want discretionary monetary powers to "correct a potential deficiency," or even an excess "of world purchasing power." What, let us ask at the outset, is claimed to be the matter with the gold standard that makes people want to leave it?

A number of faults are usually found with gold by critics of the gold standard. It is said to be unstable in value, fluctuating with the discovery of new mine fields. It is accused of permitting some management of money without being consistent and allowing complete management of money. In a modern age it is called "unscientific." But the main complaint is that the gold standard causes such cyclical disturbances as that of 1929, a charge which we will now examine in detail.

It must be admitted at once that no economic product, under any system of free enterprise, including gold and money, can be free from cycles of production. Somebody has to estimate the quantities which normal demand will absorb and, our fallible human nature being what it so unfortunately is, these estimates are quite likely to be wrong, either overrunning the correct amount or falling short of it.

This cyclical process is conveniently illustrated by the lowly

(Continued on page 1767)

Stock Market Comments

Investors will probably be interested in the statement made by the President of Kennecott Copper at the recent stockholders' meeting to the effect that the company for the first quarter of this year calculated their excess profits tax at a rate of 90% and the normal and surtax at the rate of 50%. . . . Later developments, of course, may indicate that this was merely ultra-conservative accounting, but on the other hand it may be a case of "coming events cast their shadows before."

This leads us, too, to make the comment that one is pretty much blindfolded these days in attempting to forecast per share corporate earnings. For not only are the new tax rates uncertain and undetermined, but in addition the factor of re-negotiation is becoming increasingly important. Consequently it seems obvious to us that earnings' predictions can only be on a highly tentative basis,—high sounding words for mere "guess work."

* * *

The Mail Order Companies

There has been some evidence in recent days and weeks of an increasing investor interest in mail order shares; Sears Roebuck and Montgomery Ward. In our view this interest is justified although we hasten to make the comment that it is quite possible that purchases made at this time may be premature. We say this because it is obvious that priorities will continue to adversely affect these companies for the war's duration, although it may be that we have passed the peak of restrictions on consumer goods.

Generally speaking, we would regard Sears as possessing a somewhat better investment rating than Montgomery Ward, although its sales volume is probably more dependent on "hard goods." On the other hand, Montgomery Ward has had the better comparative sales record in the last 12 or 15 months, but this business has been done at a gross profit margin inferior to Sears.

By and large we feel that both of these stocks are reasonably priced if one looks beyond the war, although it appears quite clear that current purchases may require a reasonable degree of patience.

* * *

Near-Term Market Outlook

The market as a whole acts a bit fatigued and perhaps it will be somewhat less dynamic as Congressional corporate-tax discussions get under way.—*Ralph E. Samuel & Co.*

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Weston Hill Forms Own Advertising Agency

Weston Hill

Weston Hill, well-known for many years as a copy writer and creative executive for Ruthrauff and Ryan, Blackett-Sample-Hummert and H. W. Kastor & Sons, has announced the opening of his own agency, Hill Advertising, Inc., with offices at 250 Park Avenue, New York. A branch office will beopened soon in Chicago.

Mr. Hill recently inserted in advertising trade papers a full-page advertisement, **A New Kind of Advertising Agency Is in the Making**, outlining his proposed policies. New products and processes will be emphasized in the plans of the new agency, Mr. Hill stated.

Staff personnel, accounts and other similar data will be made public in forthcoming announcements.

Hipkins And Topping With Braun, Bosworth

Clifton A. Hipkins and James D. Topping, formerly partners in Hipkins & Topping, have become associated with Braun, Bosworth & Co., Inc., of Toledo, as Vice-Presidents in charge of their newly-opened New York City office at One Wall Street.

Stewart R. Terrill and James F. Woolley Jr., who have been associated with Hipkins & Topping, will be in the trading department of the new Braun, Bosworth office.

Offer Convenient Record For Security Transactions

Wayne Hummer & Co., 105 West Adams Street, Chicago, Ill., members of the New York and Chicago Stock Exchanges, have published a simple and convenient looseleaf record for listing security transactions and holdings; it includes sections for bond and stock records, taxable income, profit or loss on sales, and other information of importance to investors. Copies of this record may be secured from Wayne Hummer & Co. at a cost of one dollar each.

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"Toppers" Will Hold Spring Dinner May 27

The Toppers, an association of municipal bond men, announce that their organization will hold a dinner and "fite nite" at the Downtown Athletic Club, on Thursday, May 27. The group usually holds a golf outing each Spring, but has decided to have a dinner this year to continue their traditional get-together. Eight five-round boxing bouts, sponsored by the Downtown Athletic Club and featuring "Golden Glove" and "Diamond Belt" metropolitan and New York State champions, will be a special attraction of the evening.

Fifty-five members of the Toppers are now in the armed services.

C. J. Stimpson With Greene Trading Dept.

Greene & Co., 37 Wall Street, New York City, members of the New York Security Dealers Association, announce that Charles J. Stimpson, for many years in the trading department of Kiely & Horton, has become associated with them in their trading department.

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20 YEARS WITH G-M

Alfred P. Sloan, Jr.

Alfred P. Sloan, Jr., Chairman of the Board of General Motors Corporation, on May 10 celebrated the completion of 20 years as chief executive of the company.

Woltz Trading Mgr. At Varnedoe, Chisholm

SAVANNAH, GA. — Varnedoe, Chisholm & Co., Inc., Savannah Bank & Trust Co. Building, announce that Millard Thompson Woltz is now associated with them as manager of the trading department. Mr. Woltz was formerly with E. M. Fitch & Co., Inc., of Philadelphia.

West Va.-Pittsburgh Coal Situation Interesting

The current situation in West Virginia-Pittsburgh Coal Co. First Mortgage Income 6s of 1947 offers attractive possibilities according to D. F. Bernheimer & Co., Inc., 42 Broadway, New York City, from whom interesting descriptive material on this issue may be had upon request.

Ferron R. Davis Opens

(Special to The Financial Chronicle)

SOUTH BEND, IND. — Ferron R. Davis has opened offices in the City National Bank Building to engage in a general securities business. Mr. Davis was formerly with H. E. Marshall & Co. for many years.

We are pleased to announce that
Mr. Millard Thompson Woltz
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Avers Keynes And Morgenthau Stabilization Plans Would Set Up Super-National Brain Trust

Dr. B. M. Anderson Views Both As Relieving England Of Burden Of Paying Capital Frozen In England Belonging To Those In Foreign Countries

In an analysis of the Keynes and Morgenthau foreign exchange stabilization plans, Benjamin M. Anderson, Ph. D., asserts that "obviously foreign exchange stabilization is a desirable thing if we can get it in a sound way without creating worse evils." "But," he observes, "instability of a weak currency in the foreign exchanges is merely a symptom of an underlying financial disease, and to peg the foreign exchange rate without correcting the fundamentals is merely to mask the symptom and to let the disease grow worse." A hidden purpose of the Keynes plan, swallowed whole by the Morgenthau plan," says Dr. Anderson, "is to relieve England of of the burden of paying great sums of capital now frozen in England and belonging to men and institutions in foreign countries." He goes on to say:

Benj. M. Anderson

"Without the relief on this score England will be hard pressed after the war, an embarrassed debtor rather than a powerful creditor. If this frozen debt can be put into the international bank, however, and England can be given the more than 23 years provided for in the Morgenthau plan to pay it off, she is relieved of the burden. The creditors of the fund bear the burden, and the United States will be the chief creditor of the fund."

Dr. Anderson, who is Professor of Economics of the University of California at Los Angeles and Consulting Economist of the Capital Research Company, Los Angeles, discussed the two stabilization plans at a dinner given by the officers and directors of the Los Angeles Chamber of Commerce on May 11. From a press summary of his remarks we quote:

"The Keynes and Morgenthau Foreign Exchange Stabilization

(Continued on page 1773)

Editorial—

Bolivia's Good Neighbor

The President has chosen again to place conspicuously before the public what he is pleased to term his "good neighbor" policy toward Latin America. This time he has chosen one of his favorite techniques—that of gratuitously damning investment bankers. At the conclusion of recent conversations with the President of Bolivia, he made it a point to inform the press that he had felt obliged to apologize to his visitor for a loan made some years ago to Bolivia by American investors through an underwriting firm, which President Roosevelt appears to feel "exploited" the borrowing country by charging an exorbitant "commission" on the deal and fixing the interest rate on the loan unduly high. He seems rather plainly to imply that Bolivia did not really need or want the money, but was persuaded to accept it by "supersalesmanship" on the part of the underwriters.

Since upon such occasions the President does not permit himself to be quoted exactly, it is not easy to determine precisely what he did say about this transaction. All accounts of the matter have the President saying that an interest rate of 8% was charged, and some have him adding an 8% "commission." The only loan by the investors of this country to Bolivia within the dates fixed by the President was a $14,000,000 31½-year loan (or some part thereof, a portion of it being withheld for sale in Europe) bearing a coupon rate of 7% and

(Continued on page 1774)

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Dick Heads Committee Of Commerce Chamber

Frederick E. Hasler, President of the Chamber of Commerce of the State of New York, announced on May 11 the appointment of a Special Committee on Investment and Securities headed by Fairman R. Dick of Dick & Merle Smith. The committee, whose appointment was authorized at the April 1 meeting of the Chamber, is charged with the study of and recommendations relative to:

(1) The accumulation of capital from savings;

(2) The investment of capital in productive enterprise.

(3) The sale and distribution of investment securities;

(4) The maintenance of an adequate free and open market for the sale and exchange of such securities.

The other members of the committee are William R. Coe Jr., Vice-President and Treasurer of the Virginian Ry.; Chauncey L. Waddell, Executive Vice-President of Barrett, Herrick & Co.; Benjamin Strong, First Vice-President of the U. S. Trust Co., and Francis M. Weld of White, Weld & Co.

Deep Rock Oil Attractive

Common stock of Deep Rock Oil offers interesting possibilities according to an analysis prepared by Doyle, O'Connor & Co., 135 S. La Salle Street, Chicago, Ill. Copies of this analysis may be had from the firm upon request.

Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Despite bull market resumption signal market action is not convincing. Continue advising staying away from long side.

* * *

Looking at the market from a day-to-day angle there is nothing obvious to the eye that is disturbing. Yes, back in the beginning of April the market broke. But after a dull period of a couple of weeks, it snapped back nicely, with some of the stocks even getting above their old highs.

* * *

This action is so obviously good that nobody feels pessimistic about the near-term future. Of course, where the longer term is considered you can get all shades of opinion. However, this column is concerned with the immediate, rather than the future trend.

* * *

According to the much-discussed Dow theory if the averages make a high, that is, in both averages, a signal of a continuance of a bull market has been given. If the same averages decline and if such a decline is followed by a rally which does not get above previous highs; and if subsequently they get under their previous lows, then a bear market signal has been given. If contrariwise, both averages don't break the previous lows and go through their old highs, a bull market is still on. In the week just passed the latter is what you saw.

* * *

The averages did go through on the upside. Their ability to go through was so obvious and so well advertised that there is hardly a person interested in the stock market who wasn't and isn't aware of it. And even the small shakeout of the end of last week didn't dampen the bullish enthusiasm.

* * *

There is little doubt but that the speculative public is in the market. If I had any doubts of it when I was in New York I have no doubts after speaking to people in the Southwest, from where

(Continued on page 1769)

On the Treasury's Plan For the Stabilization of Currencies

By RENÉ LÉON

Once upon a time, testifying before the Finance Committee of the Senate, your humble servant stated, in part:

"The most recent and, let it be recognized, the most effective artificiality devised to achieve favorable balances is the deliberate depreciation of exchange. Its effectiveness is the more complete because it is the most insidious and deceptive instrument of price destruction hitherto conceived. . . . To establish this principle is to challenge competition in the same way. . . . This system must be broken up at all costs if we are to avoid a general collapse. . . . It can be terminated by international action. . . ."

This was 10 years ago, Feb. 15, 1933, to be exact, and although it has taken time, considerable agreement with the foregoing is now being expressed. On April 7, last, there were published our Treasury's proposals for an international fund **to stabilize currencies.** No. 6 of its stated objectives was "to help eliminate bilateral exchange clearing arrangements, multiple currency devices, and discriminating exchange practices."

The following day the British proposals for an international clearing union after the war were also made public. Object "B" of this plan was expressed as follows: "We need an orderly and agreed method of determining the relative exchange values of national currency units, so that unilateral action and **competitive exchange depreciations are prevented.**"

It remained for a layman, Wendell Willkie by name, to state in plain language which all could understand that, after the last war **". . . the instability of foreign exchange** remained the principal obstacle to full revival." ("One World," page 198.)

These are three distinct expressions of the same thought coming from high places on both sides of the Atlantic, all of them compelled by the force of circumstances. Here then is our problem. How do we solve it?

To question the motives of the authors of the British and American plans would manifestly be unfair. It were better, a priori, to credit them with the loftiest objectives. But we are not interested in objectives familiar to us all; our sole concern is their proposals. By what method do

(Continued on page 1774)

Securities And Inflation

Obviously the market is inflationary in character. All the harbingers of such markets have appeared in the preliminary upsweeps. Violent churning of low-priced issues regardless of quality, the swift flow of trading activity from group to group, ignoring of unfavorable news, except temporarily and then quick recovery, warnings against uninformed speculation, confirmations of nominal guide-posts, huge turnover in speculative bonds and uneasiness in high-grades, Government spending that staggers the imagination, Lease-Lend distribution at breath-taking expense. These things promote inflation as well as attend it. They are inflation, so plain that he who runs may read. Surplus funds are seeking sanctuary.

Helping It Along

The advance, creeping up for over a year, has produced many sold-out bulls long of cash and yearning for reactions, and numerous bears still unconvinced. Buyers rush in precipitately when inevitable corrective reactions materialize. There are innumerable potential buyers to take prices higher ultimately. The new-rich are with us in mounting numbers. There is said to be a spread of around $43 billion between funds available to buy goods and goods to buy. The homely solution of permitting more things to be sold to take up this slack is too simple. Therefore these stupendous funds are finding their way into the market place. These are fruitful causes of higher security prices.

The Shadow of Inflation

The ever-present questions: What can I do to preserve my capital? How can I come through this distractive period with a reasonably whole financial skin?—are in every mind. These are difficult problems and make each of us go deeper into investment subjects. We seek diligently for some form of wealth that can ride out an inflationary hurricane. It is not cash, for that buys less and less. It is not consumers goods, for they are perishable. It can hardly be heavy goods, for the tremendous over-production will make them of small value. The irrefutable answer is that real wealth is in the ground. Oil, gold, silver, iron, coal, copper, zinc, lead, asbestos, sulphur, chrome, manganese and other minerals, stored free by Mother Nature, only mined when profitable, and otherwise left alone to await other times and better days.

The Substance of Wealth

Transportation facilities, processing equipment, manufacturing plants, sales organizations, are part of the general wealth, but all dependent on the raw materials, including food, that come from the good earth. These concomitants of solid wealth are essential in the general scheme, but they are bright marks for the taxgatherer and therefore the hard-headed, deep-thinking investor turns to the earth, knowing that as the first of the great fortunes came therefrom, so it now affords the surest refuge against the storm and strife of dangerous times.—*From Peter P. McDermott & Co.'s "Investment Survey."*

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New Haven Railroad Continues To Forge Ahead

Reports Highest Gross Income For Any April On Record; Substantial Portion Of Gross Carried To Net

Howard S. Palmer, President of the New York, New Haven & Hartford Railroad Co., is estimating that gross revenues in April, 1943, ran to approximately $14,825,000. While this will show a slight seasonal decline from the March level (the latter, incidentally, represented the first $15,000,000 month in the company's history) it will be the highest gross for any April on record and 20% above the highly satisfactory showing of a year earlier. These figures contrast sharply with the New Haven's depression experience when monthly gross was running at only about a third of the April estimate.

Howard S. Palmer

The April business will bring gross revenues for the first four months of the year to approximately $56,633,000. From here on operations will be affected by the suspension of freight rate increases and interstate commutation fares, which Mr. Palmer has estimated will reduce New Haven's gross by more than $400,000 a month. Nevertheless, revenues for the first half of the year should run in excess of the full 12 months' gross realized in five of the ten pre-war years. The record monthly highs being reported in gross are particularly significant when one considers that average rates per ton mile and per passenger mile are 22% and 28%, respectively, lower than in the previous peak, 1929.

While increased costs and taxes are taking a heavy toll, a substantial portion of the increase in gross is being carried down to net. Net operating income for the first quarter of the year was 53% above a year ago and further year-to-year gains are indicated in subsequent months. In contrast to the experience of many other of the reorganization roads these earnings are being utilized for the rapid repayment of accruals for past-due interest on the company's mortgage bonds. Divisionals have already been made current as to interest and it seems likely that bonds secured under the 1st & Refunding Mortgage will be current by the time a final plan of reorganization is decided upon.

Jos. A. McCord, Jr., With Merrill Lynch, Pierce Co.

(Special to The Financial Chronicle)

ATLANTA, GA.—Joseph A. McCord, Jr., has become associated with Merrill Lynch, Pierce, Fenner & Beane, 25 North Pryor Street. Mr. McCord was formerly assistant manager of the Atlanta office of Thomson & McKinnon.

R. M. Horner Forms Own Investment Co.

John B. Cornell to Head Trading Department

Robert M. Horner has formed R. M. Horner Co., with offices at 30 Broad Street, New York City, to engage in a general securities business. Associated with Mr. Horner as manager of the trading department is John B. Cornell.

Mr. Horner was formerly Vice-President of Amott, Baker & Co., Inc., for many years. Mr. Cornell was previously with Atlantic Investing Corp. in the trading department; prior thereto he was in charge of the reorganization securities department of Roggenburg & Co., and in the past he was a partner in Callahan, Cornell & Co., and Du Val, Cornell & Co.

Certain Rail Bonds Now Legal Investments for Mass. Savings Banks

Certain fixed interest bearing railroad reorganization securities will be legal investments for savings banks in Massachusetts, according to a new law. Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange, have prepared an analysis of the new law and list the new railroad securities which, in their opinion, will be legal; also quoted in the analysis is all of the new law pertaining to railroads. Copies of this interesting analysis may be had from Pflugfelder, Bampton & Rust upon request written upon letterhead.

Warren Brothers Looks Good

Warren Brothers "A" "B" "C" offer interesting possibilities according to a circular just issued by Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges. Copies of this circular may be had upon request from Goodbody & Co.

R. Hoe Co. Attractive

Common stock of R. Hoe & Co., Inc. offers attractive possibilities according to a circular being distributed by Aigeltinger & Co., 76 William Street, New York, N. Y. Copies of this interesting circular may be had from Aigeltinger & Co. upon request.

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Railroad Securities

The various securities of Alleghany Corporation have enjoyed sharply increased interest recently, running into new high ground by substantial margins as the problem of the 1944 maturity has been cleaned up. One phase of the operation has caused considerable amusement in financial circles. Not very long ago Mr. Young and his associates, on behalf of the Chesapeake & Ohio as a minority stockholder of Erie, were incensed over the failure of Erie to get competitive bids on its proposed sale of bonds. Since that date there has apparently been somewhat of a change in sentiment on this point, judging by the manner in which a large block of Alleghany's holdings of Chesapeake & Ohio stock was disposed of.

Be that as it may, the whole Alleghany picture has certainly been clearing up nicely. Proceeds from the sale of the 85,000 shares of Chesapeake & Ohio common, together with a bank loan of $19,600,000, were utilized for the redemption of the $22,647,000 5s, 1944. The operation not only relieves the apprehension there had been over the company's ability to meet the maturity early next year, but, also, reduces annual interest charges to a slightly greater extent than income will be cut by the sale of the Chesapeake & Ohio stock.

The bank loan carries an interest rate of only 4% for a total annual charge of $784,000. The bonds retired had an annual interest charge of $1,132,350. At the rate maintained by Chesapeake & Ohio in recent years ($3.00 regular and $0.50 extra) the loss of annual income through sale of the stock amounts to $297,500. At the same time it is expected that Alleghany Corporation will commit itself to divert a large proportion of income in excess of interest requirements and expenses and taxes to the rapid reduction in the bank loan, with some funds perhaps utilized for purchase and retirement of the other two later maturity bonds.

In addition to the new bank loan of $19,600,000 Alleghany Corporation has outstanding $21,661,000 of 5s, 1949, and $19,137,000 of 5s, 1950. Aggregate annual interest requirements on the bonds and bank loans will now amount to $2,823,900. While Alleghany Corporation has large investments tied up in the Missouri Pacific situation which may be of substantial value in the course of time, the most important investment, and practically the only revenue-producing asset at the present time, is represented by approximately 1,850,000 shares of Chesapeake & Ohio common.

At the present annual dividend rate, and the extra paid in the past few years, the holdings of Chesapeake & Ohio stock bring in $6,475,000 a year, or more than twice the annual interest charges on bonds and bank loans. Even allowing for annual expenses and taxes of as much as $600,000 this would leave a balance of more than $3,000,000 a year for future debt retirement and other corporate purposes. Furthermore, the hope has been expressed that the present clarification of the Alleghany picture may make possible the lower coupon refunding of the other bond issues. In any event, the coverage of income should bring about the fairly rapid reduction in the bank loan. The loan agreement provides for consideration of a cut in interest below 4% when the principal has been reduced below $10,000,000.

These recent developments carry particularly favorable implications for the prior preferred stock which is outstanding in the amount of only about 111,000 shares and is entitled to cumulative dividends at the rate of $2.50 a share. Accumulations now amount to $21.25 a share, involving an aggregate of only $2,358,750, or less than one year's balance of income after interest charges, expenses and taxes. As the prior preferred dividend acculates at the rate of less than $300,000 a year the regular preferreds would also be in a position to benefit directly, and in short order, once the company was in position to resume any dividend payments. The preferred stock (5½%—$100 par) is outstanding at 667,539 shares with annual dividend requirements of $3,671,464. Due to the heavy accumulations on this stock (nothing has been paid since May 1, 1931) the common shares are obviously in poor position even on a long-term basis.

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Missouri Pacific	7,000	$434,000,000	$11,883,000
Rock Island	8,000	317,600,000	11,962,000
St. Paul	11,000	434,000,000	13,573,000
SEABOARD	4,000	177,000,000	11,221,000

(These figures, while not guaranteed by us, have been obtained from sources we believe to be reliable.)

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Defaulted RR. Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range from Jan. 1, 1939, to date; high—59⅝, low—14¾; May 12 price—58⅛.

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Chicago Brevities

8-Cent Fare For Chicago Tractions Made Permanent; Unification Plan Rejected

Prices of Chicago traction bond issues rose to peak levels for the last two or three years in heavy trading in the over-the-counter market last week, following a decision of the Illinois Commerce Commission in rejecting a plan to provide one great local transportation system for the city through unification of the street car and elevated lines.

Dealers reported that issues of the Chicago Surface (street car) Lines rose 1 to 5 points, and that bonds of the Chicago Rapid Transit (elevated lines) Co. advanced 2 to 3 points. The Chicago City and Connecting Railways 5s of 1927 were said to have shown the widest percentage advance in moving from a price of 6 to 10.

Meanwhile the decision of the Illinois Commerce Commission, rejecting the unification plan, had the effect of casting the traction situation back into the virtual muddle that it has been in for years. The Commission decided that the unification plan was financially unsound.

The plan proposed the setting up of a new unified company, to be called the Chicago Transit Co., which was to operate as a single unit in the street-car properties, elevated lines and the new subway system now under construction. Under the proposal a total of $179,000,000 of securities was to be issued, of which $136,000,000 would be given to present holders of surface lines securities and $43,000,000 to holders of elevated lines obligations.

8-Cent Fare Made Permanent

The Commission in its decision gave the Chicago Surface Lines the authority to make permanent an 8-cent street-car fare. A year ago the Commission had authorized a temporary raise in the fare from 7 to 8 cents, and the higher rate has been in effect since April 20, 1942. In making the 8-cent fare permanent, the Commission overrode the recommendation of the Office of Price Administration, which had urged a reversion to the lower charge as an anti-inflationary measure. The Commission decided that a return to a 7-cent fare would result in an operating loss on the part of the street-car company, in view of higher operating costs and payroll expenses.

The rulings of the Commerce Commission came as a fulfillment of the expectations of local security dealers, who had freely predicted that the unification plan would be rejected. The general feeling, moreover, had been that the 8-cent fare would be placed on a permanent basis because it was understood, as the Commission decided, that the lower fare would result in operating losses.

In passing on the unification plan, the Commission said in part: "There exists no definite probability that the petitioner (Chicago Transit Co.) will possess, pursuant to all of the proposals submitted herein, the financial resources required to acquire facilities sufficient to serve the public adequately at a reasonable rate."

The Commission said further: "The petitioner does not even claim it will be able to raise the capital necessary to modernize its equipment and facilities to a degree sufficient to afford adequate mass transportation operation by the medium of sales of bonds or any security junior to mortgage bonds. The petitioner does not even claim it can obtain any substantial loan from the Reconstruction Finance Corporation or from any other source."

Decision Irks Mayor Kelly

Action by the Commission in rejecting the plan met with no favor on the part of Edward J. Kelly, Mayor of Chicago, who declared that he could not see "how a small body of men can throw the results of years of work up for grabs."

William P. Sidley, Chairman of the Traction Reorganization Committee appointed by Federal Judge Michael L. Igoe to represent the court in the case, submitted a report to the court Monday on the decision of the Commerce Commission. He received permission from Judge Igoe to file a petition for a rehearing of the case before the Commission. Both the Chicago Surface Lines and the Chicago Rapid Transit Co. are in Federal court receiverships, and Judge Igoe is handling the cases.

At the same time, Judge Igoe requested various parties in the case to file briefs discussing the extent of the Commerce Commission's authority in rejecting the unification plan. In asking for the briefs, Judge Igoe said: "If the ICC has no authority to pass on this question no one will be happier than this court." The case before Judge Igoe was continued to May 17 to permit the preparation of the petition for rehearing.

"Chicago is now confronted with a very serious proposition, now that the whole thing (the merger plan) seems to have been done for naught," William H. Sexton, special traction authority for the city, told the court. "This leaves conditions chaotic right now when war conditions increase the need for service. I can't help feeling that this raises the question of the ICC's authority."

Mayor Kelly said the city's request for rehearing of the case will ask for an opportunity to prove the soundness of the proposed financial structure of traction unification "at any rate of fare necessary to make the finances come out even." The city previously had opposed the 8-cent street-car fare, but the Mayor said Monday that "there has to be a rate high enough to support the structure."

Chicago Municipal Bonds

Bonds of Chicago governmental units sold at all-time highs to feature a strong municipal market in the late stages of the Second War Loan drive. The occasion was the liquidation by the Retirement Board of the Municipal Employees' Annuity and Benefit Fund of Chicago of a total of $6,215,000 of bonds held in its investment account. The liquidation embraced $2,650,000 City of Chicago obligations, $343,000 of the Chicago Board of Education, $653,000 of the Chicago Park District and $2,569,000 of the Sanitary District of Chicago. All of the bonds are optional on various dates 1945-1948.

After analyzing the winning bids, bankers declared that Chicago bonds never before had traded at such high levels. The sale resulted in a book profit of $276,000 to the benefit fund, which represented the difference between the prices paid for the tax-exempts and those at which they were sold. The benefit fund made a $6,000,000 investment in the new Treasury 2s of 1950-1952 with a part of the proceeds.

As examples of the prices paid by banks and investment firms for the bonds, a block of $1,484,000 City of Chicago 3s, optional Jan. 1, 1945, was sold by the benefit fund at 103.47, or a yield basis of 0.90%, and a block of $1,443,000 Sanitary District 4s, carrying the same call date, brought a price of 105.08, or a 0.93% basis.

War Loan Drive

Investment bankers played an important part in success of the Second War Loan drive in the Metropolitan Chicago area. The 145 securities dealers and bond departments of downtown banks had the job of covering 3,500 large corporations and the principal executives of the companies through personal solicitation. The securities dealers themselves had about 725 men working on the job of putting the Treasury drive across.

The drive in Metropolitan Chicago was conducted under the leadership of Jay N. Whipple, partner of Bacon, Whipple & Co., and President of the Investment Bankers Association of America. Mr. Whipple's job was to raise some $370,000,000 in subscriptions from non-banking sources. That was the minimum quota assigned to Metropolitan Chicago. When this goal was crossed, sights were set on a $500,000,000 total. The area wound up the drive with total non-bank subscriptions around the $630,000,000 mark.

Unlisted Stocks

Trading activity in unlisted stocks has followed the pattern of recent dealings on the New York Stock Exchange, dealers reported. Activity has centered in low-priced issues, with trading running at a brisk pace. Such issues as Majestic Radio, Franklin County Coal and Consolidated Dearborn have met with demand at rising prices. Among features, it was pointed out that Northern Continental Utility preferred had advanced from 6½ in January to 18, and in the last couple of weeks Bendix Home Appliances had advanced from 33 to 41.

Bank Stocks

Recent trading in stocks of Chicago Loop banks has run at a dull pace at irregularly higher price movements, dealers said. Continental Illinois National was quoted on the bid side at the end of last week at 95, compared with 97½ on April 24. In the same period shares of the First National Bank of Chicago rose 2 points. Gains extending to 5 points were shown in other bank issues.

Harry Payne Nominated As Chairman Of Governing Board Of Chicago Stock Exchange

Harry M. Payne, partner of Webster, Marsh & Co., was nominated to succeed Arthur M. Betts as Chairman of the Board of Governors of the Chicago Stock Exchange, it was announced on May 4 by Paul H. Davis, Chairman of the Exchange's 1943 Nominating Committee, which filed its report of nominees of all offices to be filled at the annual election to be held June 7 next.

Harry M. Payne

The following were nominated to serve three years as Governors: Arthur M. Betts, present Chairman of the Board, Alfred L. Baker & Co.; John W. Billings, Sadler & Co.; Joseph E. Dempsey, Dempsey-Detmer & Co.; F. Fletcher Garlock, F. S. Moseley & Co.; Charles R. Perrigo, Hornblower & Weeks; Frederick J. Stannard, 135 South LaSalle Street; Barrett Wendell, Lee Higginson Corp.; Edwin T. Wood, 120 South LaSalle Street.

Elmer A. Kurzka, Fred W. Fairman & Co., was nominated for a two-year term, and John R. Burdick, Jr., 208 South LaSalle Street, was nominated for a one-year term. This slate of Governors were nominated to succeed Watler J. Buhler, M. Ralph Cleary, Thomas E. Hosty, Harry M. Payne, Richard W. Phillips, Sampson Rogers, Jr., and R. Arthur Wood, whose terms will expire upon the election of their successors. Messrs. Wood and Cleary are retiring from the Board because of the provisions of the Constitution of the Exchange limiting the election of Governors to two successive terms. Walter J. Buhler, Thomas E. Hosty, Richard W. Phillips and Sampson Rogers, Jr. are the other retiring Governors.

Arthur M. Betts, retiring Chairman, has served five consecutive terms as Chairman of the Board of Governors of the Chicago Stock Exchange. Mr. Betts has served longer as the elected head of the Exchange than any other member.

Paul B. Skinner, Hornblower & Weeks; Leo M. Apgar, Apgar, Daniels & Co.; William A. Fuller, William A. Fuller & Co.; John J. Griffin, 120 South LaSalle Street, and Henry L. Vehmeyer, 120 South LaSalle Street, were chosen as nominees for the 1944 Nominating Committee.

The 1943 Nominating Committee which presented the report on May 4 consisted of Paul H. Davis, Chairman, Paul H. Davis & Co.; Michael J. O'Brien, Paine, Webber, Jackson & Curtis; Frederick R. Tuerk, Cruttenden & Co.; Chancellor Dougall and Clyde H. Bidgood.

The Exchange's announcement had the following to say regarding Mr. Payne's career:

Harry M. Payne, the nominee for Chairman of the Board of Governors, is a partner of the firm of Webster, Marsh & Co., 120 South LaSalle Street. His firm has been one of the two general odd-lot dealers on the Exchange since 1924, and are also specialists in 23 issues on the Exchange, among which are Commonwealth Edison Co., Radio Corporation of America and Swift & Co., three of the most active dual listed issues on the Board.

Mr. Payne is 44 years of age and is a graduate of Hyde Park High School in Chicago. He started his business career in the advertising department of the Chicago "Tribune" in 1918. When the "Journal of Commerce" was organized, Mr. Payne continued his advertising work with that newspaper, and continued in the advertising business until he was admitted to membership in the Exchange on Nov. 8, 1922. He has been on the floor of the Exchange continuously since that time.

He has been prominently identified officially with the Chicago Stock Exchange since he was first elected a Governor in 1929. He has served on practically every committee of the Exchange since that date. He has been a member of the Executive Committee for three years and was Chairman of that group during a part of 1942.

Hempstead Washburne With Harris, Hall Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — Hempstead Washburne has become associated with Harris, Hall & Company, 111 West Monroe Street. Mr. Washburne was formerly Chicago correspondent for the Mercantile-Commerce Bank & Trust Company of St. Louis. Prior thereto he was with Farwell, Chapman & Co., was an officer of McGowen, Cassady & White, Inc. and the First of Michigan Corporation.

J. C. Culbertson With Doyle, O'Connor & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—John C. Culbertson has become associated with Doyle, O'Connor & Co., Inc., 135 South La Salle Street. Mr. Culbertson previously was with Mason, Moran & Co. Prior thereto he was with William R. Stuart & Co., Inc. and Charles Sincere & Co.

Thomson, McKinnon Florida Offices Open

Thomson & McKinnon announce that they have closed their seasonal office at Palm Beach, Florida, for the Summer, but that the personnel of that office will make their headquarters at their West Palm Beach office, which is a year-round office. Their offices at Miami, Jacksonville, Tampa, Orlando and St. Petersburg will also remain open during the Summer months.

Trading Interest in:

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Sigarth Johnson Now With Alfred O'Gara

(Special to The Financial Chronicle)

CHICAGO, ILL. — Sigarth N. Johnson has joined the staff of Alfred O'Gara & Co., 209 South La Salle Street. In the past Mr. Johnson was with Shearson, Hammill & Co. and prior thereto was a partner in Blake Brothers.

Wayne Hummer Co. To Admit Marion R. Baty

CHICAGO, ILL. — Marion R. Baty will shortly become a partner in Wayne Hummer & Co., 105 West Adams Street, members of the New York and Chicago Stock Exchanges. Mr. Baty has been associated with the firm as manager of the government and municipal department.

Clarke A Major

CHICAGO, ILL.—John Walter Clarke, President and Treasurer of John W. Clarke, Inc., 135 South La Salle Street, has been commissioned a major in the U. S. Army and will leave shortly for the School of Military Government at the University of Virginia. This school trains administrators to help set up civil governments in the countries reclaimed from the Axis, or to aid returning governments in their preliminary operations.

Major Clarke was for many years Vice-President for Brokaw & Co., forming his own business in 1932.

Liphardt With Dickson

(Special to The Financial Chronicle)

CHICAGO, ILL. — Edward H. Liphardt has become connected with R. S. Dickson & Co., Inc., 135 S. La Salle Street. Mr. Liphardt for many years was with John W. Clarke, Inc.

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Chicago Recommendations

Adams & Co., 231 So. La Salle St., are receiving compliments on their new brochure, **"Securities, With Present Opportunity For Capital Gain"** and have additional copies available for dealer distribution. This is an exceptional job of compilation, art work and is in color. There are 15 situations which offer better than average market enhancement possibilities, which are benefiting at the present time, because of their direct or indirect war participation and potential post-war value. Diversification is the keynote and covers lumber, coal, utilities, transportation and real estate.

Dealers who request reprints of separatte pages of this brochure, which describes one issue, may be accommodated, as an extra stock has been printed and is available at the cost to **Adams & Co.**

* * *

Brailsford & Co., 208 So. La Salle St., will send, upon request, analysis of **Vinco Corp. Common Stock**, showing recent earnings.

* * *

Caswell & Co., 120 So. La Salle St., will send to anyone, on request, late earnings and data on **Gisholt Machine Co. Common, Reliance Steel Corp. Common,** and **General Box Co. Common.** This firm will also furnish quotations on all **Chicago Real Estate Securities.**

* * *

Cruttenden & Co., 209 So. La Salle St., will furnish recent memorandum on **Le Roi Co.** common stock, upon request.

* * *

Kneeland & Co., 141 W. Jackson Blvd., have just completed a revised circular on **Consolidated Dearborn Corp.**, showing Balance Sheet and up-to-date figures. On request.

* * *

John J. O'Brien & Co., 231 So. La Salle St., have compiled some terse data on **American Superpower, 2nd Pfd.**, listed on N. Y. Curb, and **Government of Peru, 6s of 1960-61.** Information on request.

* * *

Paine, Webber, Jackson & Curtis, 209 So. La Salle St., have compiled a comprehensive booklet on **Aetna Life Affiliated Companies.** This is a complete picture of the four companies from a financial and historical standpoint. Copies on request.

* * *

Ryan-Nichols & Co., 105 So. La Salle St., now have recent figures on **Ampco Metal, Inc.**, contained in analysis, which is available on request.

* * *

Straus Securities Co., 135 So. La Salle St., have, through their Statistical Dept., prepared recent analysis of **Marmon-Herrington Co., Inc., The Steel Products Engineering Co.**, and **Foote Bros. Gear & Machine Corp.** Sent on request.

* * *

There is considerable interest in the **rubber stocks** group of the securities market. **Thomson & McKinnon's weekly Review** of May 3 highlights the further gains in the price of these issues, and should be of interest to holders and prospective buyers. Copy of the Review may be had, free of charge, by addressing the **Statistical Library, Thomson & McKinnon**, 231 So. La Salle St., Chicago.

To Be Cgo Exch. Members

CHICAGO, ILL.—Memberships in The Chicago Stock Exchange have been posted for transfer to Sidney L. Castle of Chicago, partner of Carter H. Harrison & Co., and Dr. Henry G. Langworthy of Dubuque, Iowa.

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Kansas City P. S. Co.
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Consolidated Dearborn Corp'n
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Lee Higginson Corporation The Wisconsin Company

May 12, 1943

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Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

It is no simple matter to appraise the relative investment worth of fire insurance stocks on the basis of near-term earning prospects. Generally speaking, it seems quite certain that this year's premium volume will, in all probability, exceed that of last year; that total funds available for investment by the companies are larger than in 1942; that there will be no repetition of last year's ocean marine loss experience; that the burning ratio is likely to compare favorably with that of recent years, etc. On the less favorable side, it is known that expenses are increasing, that taxes will be higher, and that the rate of return on invested assets will be lower. Offsetting this last item is the fact that the average volume of funds invested by the companies throughout 1943 will be substantially above the average invested throughout 1942.

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Meanwhile the market price of fire insurance stocks has been steadily mounting since the close of 1942. As measured by Standard & Poor's weekly index of 18 stocks, they have advanced from an index of 105.4 on Dec. 30, 1942, to 115.2 on May 5, 1943, an appreciation of 9.3%. Since the lows of April 29, 1942, the appreciation has been 31.5%.

At present market levels, what does the investor in fire insurance stocks get for his money? This is a fair question, and it is entitled to a fair answer. It is not necessary, however, to elaborate on what has already been told so many times regarding the fundamental nature of the fire insurance business, the diversification of risk which it represents, its long and successful history of earnings and dividends, etc. This is an old story, and it can be taken for granted that the fire insurance business will exist so long as free enterprise exists, and that the "old line" companies are going to stay in business to grow and prosper as the nation grows and prospers.

The pertinent question is: what are representative fire insurance companies earning, and what earnings can the investor buy with his dollar? In the tabulation below a statistical reply is attempted for a group of 28 representative companies, on what would appear to be a fairly reasonable basis of assumed earnings.

Company	Asked Price 5-4-43	Est. Net Op. Earnings	Est. Earn. Yield	Current Div. Yield	Div. % of Earnings
Pacific Fire	107½	$10.56	9.8%	4.6%	47.0%
National Union	176	14.65	8.3	2.8	33.8
Agricultural	73½	5.90	8.1	4.4	54.3
Bankers & Shippers	90	7.22	8.0	4.5	56.3
Providence-Washington	36⅝	2.70	7.4	3.8	51.4
Northern	102	7.58	7.4	4.9	66.2
United States Fire	54¼	3.92	7.2	3.7	51.4
New Brunswick	32⅞	2.35	7.2	5.5	76.4
Fire Association	66¾	4.54	6.8	3.8	56.0
St. Paul Fire & Marine	281	18.10	6.5	3.6	55.4
Fidelity-Phenix	50	3.17	6.4	4.4	68.8
Boston	607	38.95	6.4	3.5	54.7
Average	---	---	6.37	4.0	62.8
Franklin	29	1.80	6.2	4.8	77.4
Home	30¼	1.87	6.2	5.3	85.5
North River	25⅜	1.54	6.1	3.9	63.9
Springfield F. & M.	127½	7.74	6.1	3.7	60.6
Continental	48½	2.85	5.9	4.1	69.5
Insurance of N. America	78¾	4.63	5.9	3.2	54.3
American Alliance	23⅞	1.40	5.9	5.0	84.7
American Equitable	20¾	1.23	5.9	4.8	81.5
Security (New Haven)	41¾	2.38	5.7	3.4	59.6
National Fire	59½	3.18	5.4	3.4	62.9
New Hampshire	47	2.51	5.3	3.8	71.5
Hartford	95¾	4.85	5.1	2.6	51.0
Great American	30¼	1.48	4.9	4.0	81.5
Hanover	27⅞	1.37	4.9	4.3	87.8
Aetna	56½	2.65	4.7	3.2	68.1
Phoenix	88½	4.14	4.7	3.4	72.4

Estimated net operating earnings for each company are figured on the basis of net investment income for 1942 reduced 5%, plus net underwriting profits averaged for the five years from 1937 to 1941 inclusive. Net underwriting results for 1942 were given no consideration in view of their abnormal character.

It will be observed that, on this basis, the average earning yield for the group is 6.37%, that 12 stocks show an earning yield above average and that 16 stocks show an earning yield below average. The range is from 9.8% for Pacific Fire to 4.7% for Phoenix and Aetna.

As regards dividend yield, the average is 4.0% and ranges between a high of 5.5% for New Brunswick and a low of 2.6% for Hartford Fire.

If an investor is looking for dividend yield, he has quite a choice. But he should look beyond this to earning yield, which is far more significant. Particularly significant is the percent which dividends bear to earnings, and which are shown in the last column. It will be noted, for instance, that an average 62.8% of earnings are distributed as dividends, and thus 37.2% are reinvested in the business. An interesting example of an individual stock is Home, which shows an above-average dividend yield of 5.3%, a below-average earning yield of 6.2%, 85.5% of earnings distributed as dividends and only 16.5% retained in the business. Another interesting example is Providence-Washington with a below-average dividend yield of 3.8%, an above-average earning yield of 7.4%, 51.4% of earnings distributed as dividends and 48.6% retained in the business.

Louis W. Noland With Finch, Wilson & Co.

Louis W. Noland, formerly of Saratoga Springs, New York, is now associated with Finch, Wilson & Co., 120 Broadway, New York City, members of the New York Stock Exchange, in their Investment Department.

Mr. Noland is well known throughout the State of New York as the organizer and operating executive of the Saratoga State Waters Corporation, which was acquired in 1932 by the State. In 1933 he became president of the reorganized Saratoga National Bank and continued in that office until 1941. Mr. Noland is a former president of the Saratoga County Bankers Association and of the Saratoga Springs Rotary Club.

Jas P. Cleaver Joins Goodbody Trading Dept

James P. Cleaver has become associated with Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges, in their trading department.

Mr. Cleaver was formerly manager of the public utility bond and industrial stocks department of Greene & Company. Prior thereto he was a partner in Randolph & Cleaver and was a principal of James P. Cleaver & Co., Inc.

Augenblick & Kohn, NYSE Firm In Newark

NEWARK, N. J.—Augenblick & Kohn, members of the New York Stock Exchange, will be formed as of June 1 with offices at 14 Edison Place. Partners will be Harry A. Augenblick, Exchange member, and Richard E. Kohn. Mr. Augenblick has been active as an individual floor broker in New York City and prior thereto was a partner in Eisele & King.

United Corp. Attractive

The $3 preference stock of United Corporation, an investment company whose holdings are concentrated for the most part in large Eastern utility systems, represents an attractive vehicle for participation in the rise in prices of utility shares, according to a memorandum issued by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges. Copies of the memorandum discussing the situation may be had upon request from Ira Haupt & Co.

DIVIDEND NOTICES

NEW YORK STOCKS, INC.

The Board of Directors of New York Stocks, Inc., has declared the following dividends on the Special Stock of the Company, payable May 25, 1943 to stockholders of record as of the close of business May 5.

Agricultural Industry Series	$.17
Alcohol & Dist. Industry Series	.18
Automobile Industry Series	.10
Aviation Industry Series	.35
Bank Stock Series	.13
Building Supply Industry Series	.12
Business Equip. Industry Series	.22
Chemical Industry Series	.12
Electrical Equip. Industry Series	.13
Food Industry Series	.18
Government Bonds Series	.00
Insurance Stock Series	.16
Machinery Industry Series	.24
Merchandising Series	.18
Metals Series	.19
Oil Industry Series	.11
Public Utility Industry Series	.09
Railroad Series	.15
Railroad Equip. Industry Series	.20
Steel Industry Series	.17
Tobacco Industry Series	.25

T. F. CHALKER, Treasurer

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CHICAGO JERSEY CITY LOS ANGELES

Investment Trusts

First Quarter Reports

A balance sheet item which in recent years of depressed markets had become something of a rarity in investment company reports was again to be found rather frequently in their statements for the quarter ended on March 31, 1943. This item, variously described by different accountants, represents the excess market value over cost of securities held. The existence of such excess market value or "unrealized appreciation" is an eloquent testimonial of what has been going on not only in the markets, but in the investment company field as well.

The following figures are from first quarter reports now at hand:

Affiliated Fund, Inc.—Assets on March 31, 1943, including $10,000,000 of debentures outstanding, totalled $22,025,053 as compared with $16,938,056 a year earlier. Offering price of the common stock rose during the year from $1.94 to $3.29 a share, a gain of 69.5%.

Broad Street Investing Corp.—Net assets on March 31, 1943, totalled $6,078,483, which was equivalent to a liquidating value of $24.84 per share of capital stock outstanding.

Dividend Shares, Inc.—Net assets on March 31, 1943, exceeded $44,000,000 and were 18.3% higher than on Dec. 31, 1942.

Capital Administration Co., Ltd.—Net assets after deducting $1,300,000 of bank loans were $3,897,255 on March 31, 1943. This amounted to asset coverage of $89.79 per share of $3 preferred stock and asset value of $12.04 per share of class A stock.

Chemical Fund, Inc.—Net assets increased during the quarter ended March 31, 1943, from $9,123,792 to $10,858,925. Net asset value per share increased from $8.91 to $9.65.

Fundamental Investors, Inc.—Net assets on March 31, 1943, amounted to $8,720,010, which was equivalent to $19.96 per share. This represents an advance of 23.8% from the year-end valuation of $16.12, and a gain of 50.0% for the full 12 months' period.

Incorporated Investors—During the first quarter of 1943 net asset value increased from $34,253,145 to $44,500,970 and the number of shares outstanding increased by more than 48,000 shares. Net asset value per share increased from $14.64 to $18.62. From the fall of France on June 10, 1940, to March 31, 1943, the net asset value per share increased 55%.

Insuranshares Certificates, Inc.—Net assets on March 31, 1943, totalled $4,759,657 and liquidating value per share amounted to $9.74.

Keystone Custodian Fund, Series "S1"—Net assets at the fiscal year ended March 31, 1943, amounted to $454,673. During the fiscal year, net asset value per share increased from $17.90 to $23.78, or more than 32%.

Keystone Custodian Fund, Series "S3"—During the fiscal year ended March 31, 1943, net assets increased from $349,237 to $1,033,577. Net asset value per share

(Continued on page 1773)

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Simplification Of Proxy Rules Desirable For All Concerned

(Continued from first page)

Corporation; John C. Emison received remuneration aggregating $260.00 from General Cable Corporation, $220.00 from Revere Copper and Brass Incorporated and $100.00 from two of said foreign corporations; . . ."

(and so on for half of another printed page.)

[The following is an excerpt from the recent proxy statement of Bethlehem Steel Corporation.]

"Any officer of the Corporation and also any director of the Corporation other than a director acting only in that capacity (except Mr. Grace, the President and a director of the Corporation, who has waived all right to a pension thereunder), may be eligible to participate in the Amended Pension Plan of the Corporation and Subsidiary Companies which was approved by the stockholders of the Corporation at their Annual Meeting held on April 8, 1941. Such Plan provides, in substance and among other things, that any Employee (except as therein otherwise provided) of the Corporation or of any subsidiary company (as the term "a subsidiary company" is defined in such Plan) of the Corporation who, at the time of his retirement, shall have had at least 25 years continuous service and shall have attained the age of 65 years shall upon his retirement be entitled to a pension in a monthly amount equal to 1% of the average monthly compensation received by him for the 120 calendar months next preceding his retirement, multiplied by the number of years of his continuous service, but no pension . . . ."

(and so on for another printed page.)

[The following is an excerpt from the recent proxy statement of D. A. Schulte, Inc.]

"During said fiscal year . . .

2. This Company paid to Park and Tilford the sum of $16,666.67 under an agreement made in 1932 pursuant to which this Company was granted the right to sell candy under the name of "Park & Tilford". This agreement expired June 30, 1942.

3. This Company made purchases of candy from Huyler's in amounts aggregating $9,691.80.

4. This Company received from Huyler's the sum of $1,386.98 pursuant to an arrangement for assistance to Huyler's in real estate problems. This arrangement was cancelled on March 10, 1942.

5. This Company purchased merchandise, consisting of various kinds of smokers' articles, from Alfred Dunhill of London, Inc., at prices apgregating $13,764.04."

(and so on for five more similar items.)

No criticism whatsover of the draftsmen of the above mentioned proxy statements is intended. They had to force the foregoing information upon the stockholders, even though they considered it perfectly immaterial and irrelevant. Now let's see why this was necessary.

At the outset, it should be remembered that the Securities and Exchange Commission was first given its authority over proxy solicitation on June 6, 1934, under the Securities Exchange Act of 1934. This Act provided for regulation of securities from many aspects, and proxy regulation was only one of the numerous and varied phases covered.

The proxy solicitation provision of the Act was contained in Section 14 and was relatively short and simple. Congress merely delegated complete authority to the Commission to make such laws regarding proxies as the Commission saw fit through the adoption of whatever rules or regulations on the subject that it wished—the Congressional enactment simply making it unlawful to solicit proxies for listed securities "in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors." Thus, the only legislative guide-posts for Commission proxy regulations were their necessity or appropriateness "in the public interest or for the protection of investors." The Congressional committee reports did not throw much additional light upon the legislative intent, although the Senate committee was apparently interested in having stockholders informed as to "major questions of policy" and the House committee also seemed to be interested in "disclosure of their interest" by "insiders" and "adequate explanation of the management policies which they intended to pursue."

Thus, assuming such a broad delegation by Congress of legislative power to an administrative body does not violate the Constitution, the field appears to be practically unrestricted for the Commission to make whatever laws on the subject that it desires; and a fine up to $10,000 and imprisonment up to two years may be imposed for "willful" violation of any of such Commission-made laws. This is only the criminal penalty and in normal course would be enforced through the office of the Attorney General of the United States.

A further penalty, of a civil nature and perhaps more serious, may be imposed under Section 18 (a) of the Act which provides, in substance, that "any person who shall make or cause to be made any statement in any application, report or document filed pursuant pursuant to (the Act) *or any rule or regulation thereunder* . . ., which statement was at the time and in the light of the circumstances under which it was made false or misleading with respect to any material fact, shall be liable to any person (not knowing that such statement was false or misleading) who, in reliance upon such statement, shall have purchased or sold a security at a price which was affected by such statement, for damages caused by such reliance, unless the person sued shall prove that he acted in good faith and had no knowledge that such statement was false or misleading." (Italics supplied).

The Commission, itself, has added another test of liability, which presumably would apply to both the above mentioned criminal and civil penalties as well as to the below mentioned injunctive penalty, as follows:

> "No solicitation subject to Section 14 (a) of the Act shall be made by means of any form of proxy, notice of meeting, or other communication containing any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading."

Moreover, under Section 21 (e) of the Act, the Commission has the power to bring an action to enjoin proxy solicitation or the holding of a stockholders meeting "whenever it shall appear to the Commission that any person is engaged or about to engage in any acts or practices which constitute or will constitute a violation of the provisions of (the Act) *or of any rule or regulation thereunder*, ..." (Italics supplied).

Armed with the foregoing authority, the Commission prescribed its first proxy rules in September, 1935. They were quite simple and did not materially change previous corporate practice. They did prohibit the solicitation of proxies by means of any communication or statement which was false or misleading with respect to a material fact and required the filing of the proxy solicitation material with the Commission—thereby bringing into play the above outlined criminal, civil and injunctive penalties where the material was false or misleading. This, of course, was desirable and heightened the care taken in preparation of proxy solicitation material to see that it met the tests of truthfulness and clarity.

However, on Oct. 1, 1938, after inviting comments by corporate executives and lawyers and receiving substantial remonstrances, the Commission made a complete revision of its proxy rules by imposing detailed items of information which had to be furnished stockholders in the form of a proxy statement. The approach to the problem, as contained in those rules, is the same as that now in effect under the present rules. Last Winter, the Commission again made substantial revision of the rules, which added materially to the items of information required to be furnished and which went into effect Jan. 15, 1943.

To indicate the breadth of the field covered by the proxy rules, while the term "proxy rules" is commonly used, Section 14 of the Securities and Exchange Act applies to "any proxy or consent or authorization in respect of any security" registered on an exchange, and the rules themselves add that a "consent" or "authorization" may take the form of "failure to object or dissent." Thus, the proxy rules apply to solicitations of consents in respect of bond issues as well as stock proxies.

Also, while the rules originally applied only to corporations having securities listed on an exchange, further rules adopted under the Public Utility Holding Company Act of 1935 and the Investment Company Act of 1940 make proxy solicitation in respect of securities of registered public utility holding companies (or their subsidiaries) and registered investment companies subject to the proxy rules adopted under the Securities and Exchange Act of 1934, even where such corporations do not have any listed securities.

As to the requirements of the rules for proxy statements, certain rather formalistic information must appear in all proxy statements, such as whether or not the proxy is revocable by the stockholder; a summary of any appraisal rights of dissenting stockholders with respect to any matter to be acted upon pursuant to the proxy; the manner in which the proxy soliciation is to be made and who is to bear its expense; and whether the management or other named persons are making the solicitation and any direct or indirect interest which they may have in any matter to be acted upon pursuant to the proxy. Apart from such formalistic information, the items of information required in proxy statements by the proxy rules have been classified by the Commission according to the type of matter to be acted upon pursuant to the proxy. These classifications may be summarized briefly as follows:

1. Election of directors;
2. Election of officers other than directors;
3. Election of auditors;
4. Any plan providing for remuneration of any director, officer or employee or with respect to any other compensation of any director or officer;
5. Any amendment of the charter, by-laws or other document;
6. Authorization or issuance of any securities otherwise than in exchange for outstanding securities of the corporation;
7. Any plan involving the modification of any class of securities of the corporation, or the issuance of securities of the corporation in exchange for outstanding securities of the corporation;
8. Any plan of merger or consolidation, or any liquidation plan or plan involving acquisition of the assets or securities of another company;
9. Acquisition or disposition of any property;
10. Action with respect to any asset, capital or surplus account of the corporation;
11. Action with respect to any report of the corporation or of its directors, officers or committees or any minutes of meetings of its directors or stockholders;
12. A catch-all provision where action is to be taken with re-

(Continued on page 1762)

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Canadian Securities

By BRUCE WILLIAMS

Although everyone agrees that a pay-as-you-earn tax system has manifold advantages, particularly in a wartime economy, we are still fighting over the details of an acceptable plan. As this is written the Senate version of the Ruml-Carlson skip-a-year plan appears to have the best chance of enactment.

Canada is on a pay-as-you-earn tax basis. And for the benefit of our collectivist-minded Treasury Department, it should be noted that the Canadian system is a modified version of the Ruml plan. What may be news to some Americans, however, is that a Canadian business man proposed just such a plan to his Government in December, 1941—nearly 18 months ago!

The man is Philip N. Mainguy, of Montreal. After working out the details of his plan and finding that it won the hearty endorsement of his business associates, Mr. Mainguy submitted the plan to Finance Minister Ilsley. Although Canada did not adopt pay-as-you-earn taxes until over a year later, Mr. Mainguy has received official recognition as the real originator of the idea in Canada.

These facts should in no way detract from the credit Mr. Ruml deserves for having originated the plan in this country. He and Mr. Mainguy do not know each other. They should get acquainted.

* * *

Some here and in England are predicting that the end of the war will not halt the trend toward collectivism and greater regimentation of the individual by the State. The following editorial from the "Financial Post" of Canada is a refreshing antidote to such thinking:

"Profit Is Honorable; Let's Recognize It"

"Hon. C. D. Howe recently gave the House of Commons some information about profit on war contracts that should show M.P.'s and Canadians generally much about the real nature of profit.

"'One is amazed,' Mr. Howe said, 'when he sees how costs can be brought down by organization, efficiency and repetition.'

"That is the key to profits everywhere and in all kinds of business, and Mr. Howe made it very plain. As the experience of war contractors increases as their operations gain in 'organization, efficiency and repetition' their profits increase. Constantly, the Minister pointed out, this makes it possible to rewrite contracts, reducing cost to the Government, keeping profits on a reasonable scale. He added: 'It is quite usual for a contractor to tell us that his profits are too large under a contract and to make a voluntary refund.'

"Too many people have the completely erroneous idea that profit is something squeezed out of the public—that it comes from holding up prices and extracting more from the consumer.

"The truth in modern society, of course, is precisely the reverse. Increased profit comes from increased efficiency which permits lower costs which permit wider distribution.

"The motor car industry for example: Its profits have increased in measure as its efficiency and the quality of its product have increased and their sale price has been reduced.

"The whole history of modern industry demonstrates unequivocally that the most profitable firms have been those which have paid the best wages, had the best skill and management, and gave the public the best value for its money.

"Who pays for such profits; out of whose hide do they come? Certainly it isn't the taxpayer, or the consumer or the worker. Each of them is saving or making money out of this efficiency, this man-

"Businessmen in recent years have talked too little about profit. Too often they have talked about profit as illicit or shameful. Profit is the indispensable fuel of the democratic system of individual enterprise. Let's recognize and honor it as such."

* * *

For dealers and investors who are interested in the bonds of the Dominion of Canada and Canadian Provinces, we recommend the 28-page handbook published by Wood, Gundy & Co., Inc. (New York office, 14 Wall Street). This little book contains a complete statistical summary of all issues outstanding as of January, 1943.
agement skill.

Our Reporter On "Governments"

By S. F. PORTER

The 2s are racing ahead, leading the market from the start. . . . They're already up to 100⅜ and showing no signs of fatigue. . . . As predicted, they're a much better speculative bond than the 2½s and, for some time, they'll continue to be. . . . It's a beautiful market all around, of course, but the action of this one bond is particularly significant. . . . And from the Government mart's movements in the last several days we may now draw these conclusions:

(1) If you're interested in playing the market swings during this coming year of war financing, restrict your operations to the securities banks can buy. . . .

(2) Expect the major movement in new issues to occur in the one bond the commercial banks can purchase and look for more gradual price advances in the bond that has a limited number of buyers. . . .

(3) Concentrate on the issue which is most oversubscribed, for although this is an obvious statement to speculative interests, it is especially important during these days of unprecedented borrowing deals. . . .

We're seeing a pattern develop—a pattern of war financing and market movements which is entirely new. . . . And the person or institutional management watching these trends from the start will get the most benefit. . . .

SELL THE 2s?

There's no question of the market's stability, its attractiveness as of today. . . . In fact, the situation looks so good that it's almost frightening. . . . It's just not natural for things to go along so smoothly despite the long list of reasons for the excellent action. . . . For instance. . . . We know there'll be no more borrowings until Fall. . . . Secretary Morgenthau last week stated in his usual conservative manner that "August" was the first possible date for a financing, but a superficial glance at the figures indicates the Treasury can get by comfortably until October, so let us assume the Fall will be the date. . . . And we know bank deposits are going up and going to continue up so that commercial banks will remain heavy buyers. . . . And we know that the support behind the market is powerful and informed. . . . And we know that liquidation is light and is under complete control. . . .

The reasons are so good that despite any observer's reluctance to admit the obvious, the obvious must be admitted. . . . The market acts well and looks wonderful. . . . And for once, all the dealers seem to be on the right side and are making money. . . .

But to get back to the 2s. . . . The big play in this bond now appears to be over. . . . Assuming the market does go higher, which is what the above suggests, the most we can expect from the 2s in the near future is another ⅛ or ¼ point and then the issue must stop and rest for a while. . . . A higher premium would place it out of line and that isn't healthy or indicated for a new loan. . . .

There are other issues on the list, though, that seem to be out of line on the other side. . . . To be underpriced as of this moment. . . .

It may be wise, therefore, for a holder of the 2s to consider lightening up on his 2s and switching into an outstanding issue for permanent investment. . . . There'll be plenty of buyers for the 2s at this level and the market won't be affected. . . .

THE 2¾s OF 1965

One of the cheapest issues on the board today is the 2¾s of 12/15/65/60, selling at a premium of 10½ points to yield 2.04% to call date. . . . That's a stiff premium, of course, but:

(1) The issue is tax-exempt and if you can use tax exemption there is no need for additional explanation of the value of this feature. . . .

(2) The bond is in the intermediate maturity classification and comes right before the basket of 2½s now available. . . .

(3) It has been outstanding for some time and is well absorbed therefore. . . .

According to one dealer, "There's a point or more in the 2¾s from this day on." . . . According to another checked on this angle, "That's one of the best issues out." . . .

Use your own judgment, naturally, but remember the supply of tax-exempts is dwindling all the time while the demand and urgent need for exempts is skyrocketing. . . . And the 2¾s carry the partial tax-exempt clause that all institutions outside of the savings banks and life insurance companies can use. . . .

It's possible that you might work out a switch from the 2s—taking a profit on these—and into the 2¾s. . . . No good on maturity or price comparisons but it may be an exceedingly profitable move on market action basis alone. . . .

INSIDE THE MARKET

The "on sale" 2½s of 1969/64 are doing well, too, but not nearly as well as the 2s because of the bank-buying angle. . . . Experts look for a gradual upswing in the 2½s after the initial fuss is over. . . . These are good bonds and will get better as time goes on, but for now, they're in the shade. . . .

Total outstanding of the new 2½s exceeds amount of previous issues. . . . Here's the comparison: there are $2,118,000,000 of the 1967/62 loan out, selling above 100½; there are $2,831,000,000 of the 1968/63 loan out, selling around 100⅛; there are $3,738,000,000 of the 1969/64 loan out, selling slightly below 100⅛. . . . Issues seem in line so all may be expected to move up together. . . . Although the 1969/64 issue will get the bigger play over the coming weeks. . . .

There has been some selling in the market but right through the demand has been on top. . . . As one trader put it, "The buying is considerably more important"—and that tells the story. . . .

One bond that has many interesting angles is the 2½% loan of 9/15/72/67. . . . Selling at 100¾, to yield 2.45% to call date. . . . Longest-term bond out but only 2½ the banks can buy, and that's an important point. . . . Only long-term banks can buy that is close to par. . . . The issue appears attractive to any institution that can afford the maturity but it may be that it will not come into its own until the insurance companies and savings banks, which hold millions of the obligations, lighten up. . . . In the meantime the issue is there to be bought while cheap and to be held for years. . . .

"Free riders" have been in this loan, of course, and it would be silly to deny that. . . . But they're taking their time about selling and freezing their profits. . . . Apparently, that "bottom" at par and the general conviction that the Federal Reserve and Treasury really have this market in hand have had great influence on free riding psychology and tactics. . . .

The 2s would have gone beyond 100.12 the day the allotment figure of 16% was announced had not the Federal Reserve intervened and sold some bonds to keep prices down. . . . Subscriptions for the 2s totaled $9,914,000,000, banks were permitted to buy $2,039,000,000. . . . Entire issue totals $4,796,000,000, making it the biggest loan on the board. . . . No other total comes even near to this. . . .

REFUNDING CALENDAR

The borrowing side of the financing calendar is going to be blank during the balance of this fiscal year but the Treasury still has some major refundings coming up. . . . And it's possible that at the time of the refunding deals, Morgenthau will pick up a few billions in cash, too. . . .

Outside of the certificate and discount bill issues, which are simply "rolled over" as the dates come up, Morgenthau must refund the $629,000,000 of 1⅛% notes, coming due June 15. . . . The $454,000,000 of 3⅜% bonds of 1947/43, also coming up June 15. . . . The $324,000,000 of RFC 1⅛s, up for repayment July 15. . . . And the $279,000,000 of 1s, maturing September 15. . . . It looks like small stuff after the multi-billion-dollar deal we've just had, but the activity will be there nevertheless. . . .

Simplification Of Proxy Rules Desirable

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spect to any matter not specifically referred to above;

13. Also, if the persons making the proxy solicitation are informed that any other person intends to present any matter for action at any security holders meeting, the proxy statement must identify such matter and show the disposition of it proposed by the persons soliciting the proxies.

From the foregoing, it is apparent that the proxy rules cover a tremendous number of corporations, and apply to every conceivable type of activity of those corporations where any vote or consent of their security holders is involved.

As the Commission has covered such a broad field in its proxy rules, as indicated by the above summary, it is necessary that this article be restricted to an analysis of the proxy statement requirements for an election of directors, this being the most frequently recurrent occasion for solicitation of proxies. Even as so restricted, I must further eliminate from my discussion any analysis of the numerous legal questions of a more or less technical nature which arise from the proxy rules, such as problems of construction and ambiguity, and thereby limit myself to the fundamental problems involved.

The proxy rule requirements in respect of management solicitation of proxies for election of directors may be summarized as follows:

(a) Any stockholders cumulative voting rights must be disclosed.

(b) The outstanding number of each class of voting securities of the corporation must be shown.

(c) The names and amount of securities owned by all holders of over 10% of the outstanding voting securities of the corporation must be shown.

(d) If any director or nominee has been or is proposed to be elected pursuant to an arrangement or understanding between any of the persons making the solicitation or the director or nominee and any other person or persons except the directors and officers of the corporation acting solely in that capacity, such arrangement or understanding must be briefly described.

(e) As to each director and each nominee, the following must be shown:

(i) His principal occupation and the name of the corporation or other organization in which it is carried on.

(ii) The year in which the director first became such.

(iii) Approximate amount of each class of securities of the corporation owned directly or indirectly by the director or nominee.

(iv) If more than 10% of any class of securities are benefically owned by the director or nominee and his associates, the approximate aggregate amount of each class of securities beneficially owned by such associates must be shown, naming each associate whose holdings are substantial.

(f) The nominees must be named and their term of office shown.

(g) The business experience during the last five years must be briefly described for each new nominee.

(h) Any direct or indirect interest of each director or nominee must be shown in any transaction during the past year or in any proposed transaction to which the corporation or any subsidiary was or is to be a party.

(i) As to each director, each nominee for director, and each officer (not a director) who received remuneration of more than $20,000, the following must be shown for the past year:

(i) His total remuneration from the corporation and its subsidiaries, directly or indirectly, with a description of all transactions involved in its receipt, including the receipt of securities, options and other property for services and the exercise of options previously received for services;

(ii) Where the remuneration totals more than $20,000, any increase over the previous year must be set forth;

(iii) The amount paid by the corporation and its subsidiaries for his benefit pursuant to all pension or retirements plans, and the estimated annual benefits to him in the event of retirement;

(iv) His largest aggregate indebtedness to the corporation and its subsidiaries during the past year, except indebtedness arising from transactions in the ordinary course of business, and the amount of such indebtedness outstanding at the end of the year, together with the rate of interest thereon.

(j) Information comparable to that outlined in the immediately preceding paragraph (i) with respect to individual officers and directors must be set forth as to all directors and officers of the corporation as a group.

(k) There must be set forth the number of employees of the corporation and its subsidiaries (other than officers and directors of the corporation) who, during the past year, received remuneration exceeding $20,000 but not more than $50,000, the number who received more than $50,000 but not more than $100,000, and the number who received more than $100,000, giving the aggregate amount of remuneration paid to the persons in each group.

(l) Each person, other than a director, officer or employee of the corporation, must be named where his aggregrate remuneration during the past year exceeded $20,000, and the amount of such remuneration and the capacity in which it was received must be stated.

A mere summary, as set forth above, of the proxy statement requirements for an election of directors gives some indication of how detailed and complicated they are. The ostensible purpose of the Commission in making such requirements is to aid the stockholder, in the light of the information disclosed pursuant to the requirements, in determining whether the nominees should or should not be elected directors. To say the least, however, it would be extremely difficult to set forth all of the information which might reasonably be considered relevant to a nominee's qualifications as a prospective director, and the proxy rules fall far short of any such attempt. Recognizing that it is impossible to set forth all information which might be considered relevant, it seems to me that only really important information should be required and the line should be drawn to exclude relatively unimportant information, particularly where such unimportant information imposes a substantial burden upon the corporation in preparing it or only tells the unfavorable aspect of the story and discourages stockholders from voting by proxy due to lack of full understanding on their part.

The most important information to a stockholder in connection with an election of directors is, of course, the identity of the directors proposed to be elected. As above indicated, the proxy rules, quite properly, require disclosure of their names. Previously, the practice was quite prevalent for managements of corporations to solicit proxies for the election of directors without making such disclosure. Under the corporate theory now in vogue, the personnel of the Board of Directors is, of course, highly important to stockholders of a corporation. The Board of Directors ordinarily elects the officers of the corporation and is charged with its general supervision. The Board of Directors meets periodically and considers what the officers have done and propose to do, as well as what policies or transactions of major importance the management should carry out. By "management" I refer to the officers of the corporation who have daily charge of its affairs. If the personnel of the Board is incapable, lacking in diligence or integrity, or inattentive to the corporation's affairs, an unhealthy situation may well arise for the stockholders. An able management, of course, can offset a weak Board, but, under the corporate theory, the Board is supposed to have a relationship toward the management somewhat akin to that of Congress toward the executive branch of the Government. It is generally considered unhealthy, or potentially so, for the legislative branch to be subservient to the executive branch, and something of the same theory exists in respect of the relationship between the corporation's Board of Directors and its management.

Through the previous practice of omitting to disclose the names of the management's proposed nominees for directors, incapable managements were able to enhance their chances of staying in office. Corporate managements, of course, have ready access to all of the corporation's records, the names of the stockholders and the corporate funds. Through such facilities, even incapable managements did not usually find it difficult to obtain enough proxies from stockholders to elect whatever directors they desired. This situation stimulated some managements to cause the election of directors who would be subservient to the management, such directors, in turn, re-electing the management as officers of the corporation. As a practical matter, such a procedure of management self-perpetuation was found possible by incapable managements until the corporation's affairs had deteriorated to such a point that it was almost on the doorstep of bankruptcy. Then, under many practical handicaps, a group of stockholders would organize and engage in a proxy war

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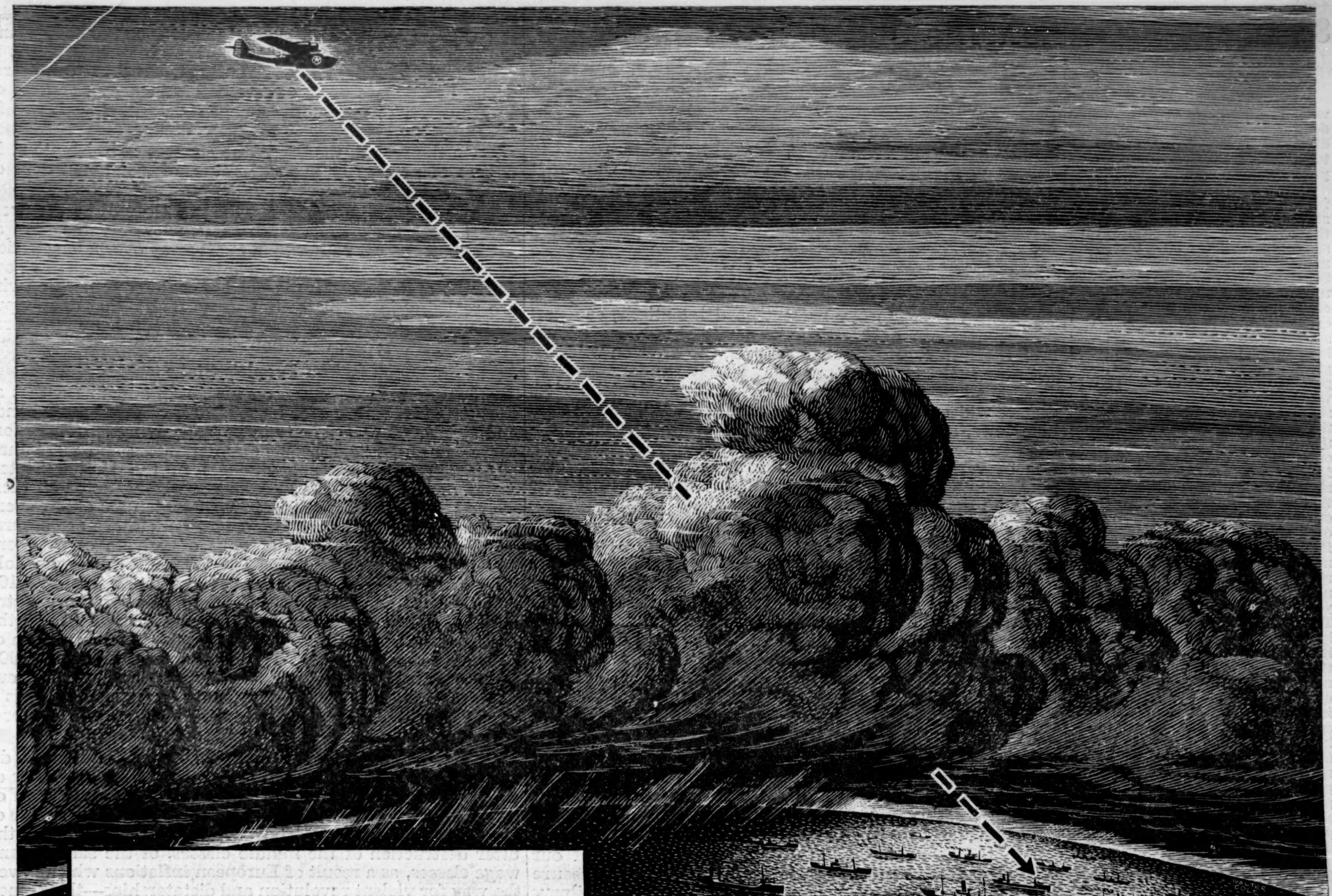

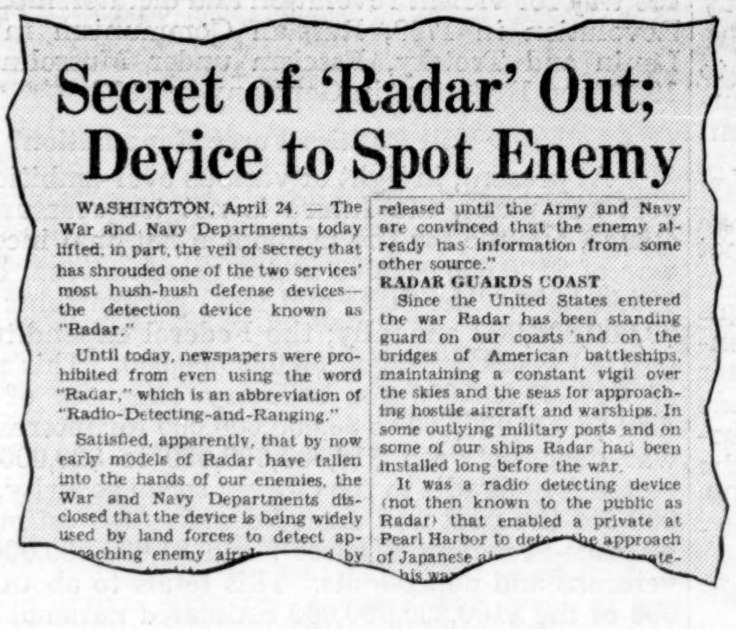

Secret of 'Radar' Out; Device to Spot Enemy

WASHINGTON, April 24. — The War and Navy Departments today lifted, in part, the veil of secrecy that has shrouded one of the two services' most hush-hush defense devices—the detection device known as "Radar."

Until today, newspapers were prohibited from even using the word "Radar," which is an abbreviation of "Radio-Detecting-and-Ranging."

Satisfied, apparently, that by now early models of Radar have fallen into the hands of our enemies, the War and Navy Departments disclosed that the device is being widely used by land forces to detect ap-
aching enemy air

released until the Army and Navy are convinced that the enemy already has information from some other source."

RADAR GUARDS COAST

Since the United States entered the war Radar has been standing guard on our coasts and on the bridges of American battleships, maintaining a constant vigil over the skies and the seas for approaching hostile aircraft and warships. In some outlying military posts and on some of our ships Radar had been installed long before the war.

It was a radio detecting device (not then known to the public as Radar) that enabled a private at Pearl Harbor to dete the approach of Japanese ai

Radar means RAdio Detection And Ranging. Radar seeks out the enemy beyond the range of human eyes and ears. Through ultra-high frequency radio waves, it locates and measures the distance to enemy targets. It warns against the approach of hostile forces. Fog, clouds, storms or darkness have no effect upon its miraculous powers!

RADAR, THE SECRET WEAPON, TELLS THE SENSATIONAL STORY OF PHILCO AT WAR!

NOW THE SECRET IS OUT! The story of Philco's vital contribution to victory is officially revealed. It's *Radar*—the fabulous secret weapon whose miraculous power seeks out the enemy *"through fog, clouds, storms or darkness"*!

Throughout Philco's overwhelming leadership in radio, its laboratories have *pioneered* in the field of ultra-high frequency radio waves, upon which Radar is based. When the Jap struck and our fighting forces asked Philco to perform *"impossible"* tasks of Radar development and production, Philco laboratories and production lines were *ready.* And they won their Army-Navy "E" for *"performing today what yesterday seemed impossible"*!

While Philco soldiers of production are turning out tank radios, communications equipment, ordnance and storage batteries, *Radar,* the once secret weapon, is one of their major war assignments. Theirs is the most dramatic story that has yet been told from the annals of war production.

But even more important is the vision of the peacetime sequel to their war achievements. In radio, television, refrigeration, air conditioning, only the future can reveal the untold progress that will appear under the famous Philco name . . . when peace is made secure!

PHILCO CORPORATION

Simplification Of Proxy Rules Desirable

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with the management in an endeavor to cause non-subservient directors to be elected which, in turn, would throw out the incapable management.

One theory of a beneficial effect to be hoped for from proxy statements can be illustrated by the above-mentioned problem of self-perpetuation by incapable managements. The theory of this benefit is "preventative" in nature, and rests upon the supposed embarrassment which would be caused the management if widespread publicity among the stockholders of their corporation was given to the fact that they proposed to elect a slate of directors who were lacking in ability or reputation. As above set forth, the new proxy rules require that the proxy statement must not only name each proposed nominee for election as a director, but also state his principal occupation and the name of the corporation or other organization in which such occupation is carried on. Further, in the case of a nominee who has not previously been elected a director by stockholders, his business experience for the last five years must be briefly described. Thus, when the management knows that, in soliciting proxies, it must set forth the above-mentioned information regarding the nominees it proposes to have elected as directors, and that such information will receive widespread publicity among the stockholders of their corporation, the effect hoped for is that the management will be discouraged from proposing "dummy" directors or persons who cannot meet the tests of ability and integrity. It is possible that this theory may have the desired results, but it seems to me to tend toward "wishful thinking." I believe that an adequate supply of directors can always be found who will be subservient but who, on the surface at least, do not appear to be lacking in reputation, ability or integrity.

Moreover, this "preventative" theory can be carried too far, with the result of discouraging transactions which, if consummated, might be of considerable benefit to the corporation. For instance, as above set forth, the proxy rules require disclosure of any direct or indirect interest of each director or nominee for director in any transaction during the past year or in any proposed transaction to which the corporation or a subsidiary was or is to be a party. This requirement necessitates disclosure of all transactions between two corporations where they have a common director. Even transactions in the ordinary course of business must be set forth, except such transactions as are "immaterial and insignificant." Obviously, such disclosure pursuant to proxy rule requirements carries with it the inference that something might be wrong with the transaction and that it should be closely scrutinized. The threat of law suits, baseless though they may be, and the questions and criticism which might result through insufficient knowledge of the facts on the part of the stockholders might well have the tendency to discourage such transactions, even though, if consummated, they would be beneficial to both corporations.

It seems to me that the Commission has gone considerably farther than is desirable in its disclosure requirements with the result that the benefits from the "preventative" aspect might well be outweighed by the detriments. I do not wish to suggest that there should not be proper disclosure of transactions between directors and their corporation. But a proxy statement does not strike

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Can The United States Support A 300 Billion Dollar Debt?

(Continued from first page)

we want to preserve our constitutional democracy and to avoid totalitarian dictatorship, the debt must be repaid in dollars of approximately their present value. Otherwise we will have fought the war to end dictatorship only to embark upon the road to dictatorship, despite victory, through the route of national bankruptcy, the direct cause of the Italian, Russian and German dictatorships of today.

The Nation's Debt Record

However, our debt record as a nation is confusing and conflicting. Despite our present good intentions, our past performances in debt redemption cast shadows of doubt over the future. In the final anaysis, the decision will rest with the ballot box.

Let's look at the record briefly. In our colonial period, despite widespread prevalence of straight-laced, stiff-necked blue laws, and the like, 12 of the 13 original colonies defrauded their creditors and citizens by currency manipulation of various types—ten of them depreciated their currencies 50% or more in gold value. In some the currencies became utterly worthless.

During the Revolution the paper monies issued by many of the States depreciated 99% and were finally repudiated. Alexander Hamilton, by gargantuan efforts, finally was able to establish the credit of the newly born United States by full redemption at gold parity of all foreign loans made to the Continental Congress. By a log rolling deal with Jefferson, Hamilton finally was able to effect Federal assumption of all State debts incurred as a result of the Revolutionary War, in exchange for an agreement to remove the Capital from Philadelphia to Washington. To do so, however, he was politically forced to repudiate entirely the paper money, issued during the war by the Continental Congress, which had already become practically worthless.

Yet, less than 50 years later, the new nation was able to declare a dividend to the States from a surplus in the national treasury. A little political courage and patience would have permitted full redemption with honor.

In the '30s and '40s of the 19th century some of our States repudiated bonds sold to foreign investors to secure funds for internal development of State resources, railway construction, etc.

Following the Civil War, the Federal Government, to discourage rebellion, rightly insisted that all bonds and currency of the Confederacy be repudiated. In subsequent years certain States again defaulted on bonds sold abroad.

A Proud Civil War Record

During the Civil War Federal bonds and greenbacks, not redeemable in gold on demand, depreciated about 65% in terms of gold. Following the war three political campaigns were fought to determine whether these bonds and greenbacks should be redeemed at par. Finally, 15 years after the war, honesty and integrity prevailed. They were made redeemable fully at par, and the Supreme Court courageously enforced the gold clause in all contracts. At the close of the war, the Federal debt was only $2,700,000,000, and within 28 years it was reduced to less than $1,000,000,000, the lowest in all our history since 1862.

Another Proud Record

We entered the first World War with a national debt of about $1,200,000,000. It rose in 1919 to a peak of $25,500,000,000, in bonds containing the gold clause promise of the Government to redeem the bonds in gold dollars of the same weight as of date of issue. This clause had become necessary to assure their sale to the public, which was skeptical of Government promises in the light of the record. In the 10 years following 1919 this debt was reduced to $16,900,000,000, at the rate of almost $1,000,000,000 per year, with an average annual national income of about $72,000,000,000 for the period. Yet in this period Federal taxes were substantially reduced from 8.7% of the national income in 1921 to an average of only 5.6%.

The Gold Clause Repudiation

The depression years, 1930-33, increased the debt to $22,500,000,000. In 1933, gold payments were outlawed by the Federal Government on both Government and private contracts, thereby repudiating the Government's promise to redeem its bonds and currency in gold dollars at a fixed weight. This action of the Federal Government was sustained by the Supreme Court in 1935. All bonds, Federal and private, since then, have been permitted to carry no protection against devaluation.

From 1933 to 1941 the Federal debt almost doubled, reaching $42,900,000,000. Since the outbreak of war in 1941, it has risen by leaps to about $130,000,000,000 today, and will approximate $250,000,000,000 by June 30, 1944. It is all payable in dollars of no definite standard. It can be redeemed in dollars of any value determined by Congress or (if the power of devaluation is again delegated, as it was in 1933), by the President at his discretion.

On the record, therefore, the chances of redemption, in dollars of present or pre-war value, of a national debt of $300,000,000,000 or more would appear uncertain.

The higher the debt goes, the greater will be the pressure to redeem it in dollars of much lower value than at present or pre-war rather than tax it away over a long period of years. However, sustained integrity of purpose in government and the economic good sense of our people, who are realizing increasingly the issues underlying debt repudiation, are good omens that we shall again have the moral fibre to redeem the debt honestly.

The People's Stake

Secretary Morgenthau on March 22 announced that at that time there were over 50,000,000 investors in war bonds and 25,000,000 participants in payroll savings. In addition, there are about 25,000,000 bank depositors and more than 50,000,000 insurance policyholders in the United States. Approximately 30,000,000 persons are being taxed on their payrolls, establishing credits in Washington for old-age pensions and unemployment compensation. There are several millions of holders of obligations of private corporations and individuals totaling $115,000,000,000, others who hold obligations of the States, counties and cities totaling $16,000,000,000. In January, 1943, the banks of the country held 47% of the total Federal interest-bearing debt and the the insurance companies held 10%, a total between them of 57% of the entire Federal debt, then estimated at $114,300,000,000. In the aggregate, therefore, more than half our population, and, in fact, every family in the country, has a direct and vital stake in preservation of the present or pre-war purchasing power of the dollar.

All who advocate the cowardly way of inflation or direct repudiation will do well to examine the real temper of the people before accepting the easy road of repudiation or inflation rather than the harder, more courageous road of honesty and integrity. The people can readily recall the utter destruction of the middle classes, of the salaried and wage classes, as a result of European inflations which paved the way for violent revolution and dictatorships—the French Revolution in 1789, Russian Communism in 1917, under Lenin and Trotsky, Fascism under Mussolini in Italy in 1921, and Hitlerism in Germany in 1932.

Will Politics Force Repudiation?

At present, in light of various over-ambitious, unofficial post-war plans, the future is not too reassuring. For instance, assume for the moment a national income after the war of $100,000,000,000 and a gross national debt of $350,000,000,000. The State and local governments are spending $9,000,000,000 annually; the Federal expenditures over the past 10 years averaged $8,000,000,000. This makes a total of $17,000,000,000 for ordinary expenses of government. Add $6,000,000,000 to $8,000,000,000 for interest on the post-war debt, between $10,000,000,000 to $20,000,000,000 estimated for "Cradle to the Grave" social security, $20,000,000,000 for the post-war armed services (as estimated recently by Vice-President Wallace), and $1,000,000,000 at least for veterans and dependents. This totals to about $70,000,000,000 of the $100,000,000,000 estimated national income without allowances for debt redemption, world-wide relief, and other favorite projects. There's the major cause of most of the doubt. Merely to tabulate the costs shows the absurdity of the program.

Recent assurances have come from Washington. The Congress has just voted to discontinue the President's power to devalue the currency. The present huge holdings of $22,500,000,000 of gold bullion, more than 90% of the total world supply, are cited as a safeguard against currency depreciation.

There would be still more confidence in the future, if the currency were again redeemable in gold on demand, and if gold were again allowed to circulate freely. This move would go far to prevent any currency depreciation. The revival of the sanctity of the gold clause, protected by constitutional amendment, would give **complete** assurance.

The next question is the vital one—**can** we redeem a $350,000,000,000 gross debt in honest dollars, and, if so, how?

The answer is yes, if we have the political courage to attempt it.

The British Experience

Great Britain for many years has carried a national debt more than 200% greater than its national income, treating the debt more or less as a permanent one. Yet it quite consistently maintained a balanced budget in the years preceding the present war.

The Napoleonic Wars, 1793 to 1815, caused an expansion in British debt from £245,000,000 to £734,000,000. This debt is reported to have been greater in relation to British national income at that time than the debt of the 1930s in relation to British national income of that period. While between 1815 and 1850 this debt of Britain remained stationary, yet, because of the rapid increase in population and the substantial increase in productivity resulting from the Industrial Revolution, the debt, which to many in 1815 seemed unbearable, in subsequent years was negligible.

Our First World War Experience

National income is, at best, an inadequate and dangerous concept. It is variously defined and its methods of determination are subject to grave defects. Yet, if used with extreme caution and qualifications, it is helpful in conclusions not otherwise available.

In the period 1909-13, our estimated national income averaged $30,700,000,000. The Federal tax take during this period was only 2.2% of the national income. The war inflation raised prices from 1909-1913 through 1920 (Wholesale Commodity Index) by 126%. National income rose to $73,500,000,000 in 1920, but due to the price rise, the real national income probably did not rise as much as 10%.

During the war, however, the Federal tax take rose to a high of all time up to then of 5.9% of the estimated national income in 1919, 8.4% in 1920, and 8.7% in 1921. This was the high point until the Roosevelt Administration took office.

From 1920 through 1932 prices fell sharply, but national income rose to a peak of about $80,000,000,000 in 1929 (before adjustment to price changes) and fell to about $45,000,000,000 in 1933, the low since 1917. However, estimated national income for 1919-38 averaged $66,600,000,000 in current prices and $70,000,000,000 after price adjustment. **Average national income, therefore, after price adjustment, rose about 55% during the period 1919-38 over the period 1909-13.**

This real gain of 55% was due to a sharp increase in population and increased production arising out of improved machine technology. We not only held the gains of the war period, but greatly improved upon them. Despite the subsequent "great depression" years 1930-35, in 1939 estimated national income was $67,000,000,000 before adjustment for price changes, compared with $38,000,000,000 in 1914, an increase of 76%, while prices in 1939 were only 14% higher than in 1914. In this period, however, per capita productivity probably did not increase because of unemployment and shorter hours.

National income in 1940 is estimated at $76,000,000,000, in 1942 at $117,000,000,000, and for 1943 at $135,000,000,000, all before adjustment for price changes. In 1940 the Wholesale Commodity Index (1926=100) stood at 78.6 (1½ points over 1939). By March, 1943, the index rose to 103.3, an increase of almost 35% over 1939. Reduced to 1939 prices, the estimated 1943 national income would be almost $100,000,000,000 compared with $67,000,000,000 in 1939, evidencing a very substantial, real increase in production!

Can The Debt Be Paid In Honest Dollars?

Consequently, if the last war and post-war periods are fairly accurate precedents, we can expect, at least, to hold and even to improve upon the present war level of production and of national income, despite sharp fluctuations in prices and national income which can be expected over a period of time. We should, if the forces of production, capital and labor are permitted to operate without bureaucratic domination, look forward to expansion of our national income over the next 50 years very substantially, despite the fact that by 1960-70 our population is expected to become more or less static with an average increase of about 1,000,000 persons per year until then. We can overcome this by full utilization of our of man and woman power, by increased production per man hour through constantly improved machine technology and cost-saving devices, and, if necessary, by a longer work week than 40 hours.

By 1960 we should have a population of 150,000,000. If we in the meantime take advantage of our reduced costs of production (resulting from increased supply of skilled labor, improved plant and equipment, and increased machine technology growing out of the war) to reduce prices and tap the huge unexploited markets at home and abroad in the lower income-groups, we will use our productive plant, our magnificent labor force, and our huge capital funds to the maximum. Our national income in dollars, despite lower prices based on lower costs, could increase substantially over present levels, more than making up in increased volume what is lost in lower prices.

It would appear quite feasible for us to maintain a permanent minimum national income of $100,000,000,000, and even to expand it to $150,000,000,000 over the next 50 years or more. In the immediate post-war years of reconstruction abroad and satisfaction of bottled-up demands at home, it should be comparatively easy. In fact, we may well be short of man and woman power to do the job, rather than be faced with unemployment.

In subsequent years, the full working force, capital funds and productive capacity of the nation can be kept fully at work, especially if we gradually accept the doctrine of buying abroad those things produced cheaper there and selling there those things we can produce cheaper here. Our real standards of living will be raised thereby, through lower prices, and huge foreign markets will be opened to us. Furthermore, only by allowing our debtors to pay us their debts in surpluses of our imports over our exports, can we receive repayment of huge sums to which we will be entitled.

Necessary Changes In Federal Policies

All this, however, will require governmental policies fostering maximum production based on lower costs rather than subsidized restriction of production with prices artificially pegged by government above their true level. It will require maximum employment rather than subsidized unemployment, wages and hours determined by collective bargaining on a free, rather than a statutory, artificial market. It will require encouragement of lower rather than higher prices, and the re-establishment of free determination of prices on a free competitive market. It will also require recognition of the fallacies that higher prices make for prosperity and that we will have more for distribution among all of us by restricting production. It will also require the rehabilitation of the profit motive as the necessary stimulant and incentive to maximum production.

All this will mean full employment of capital, plant, and man power. It will mean greater and surer social security without Government domination. It will mean higher real wages, a higher standard of living, and in the long run a shorter work week than the Government can ever assure by legislation.

How The Debt Can Be Paid

From 1922 through 1932 the Federal tax take averaged only 4½% of the national income, but under the present administration it rose in the 1930s to an average of 6½%, and in 1938 reached 9.7%, the all-time high until the present war.

In 1932 Federal, State and local taxes took 17.4% of the national income, 4% going to the Federal Government, 13.4% to the others. By 1938 the total take was 22.4% of the national income, 9.7% going to the Federal Government. In 1933 England and France took in taxes for all government 26.7% and 27.8%, respectively, of their national incomes, while in 1938 they took only 21.7% and 24.9%, respectively.

With a **minimum** national income of $100,000,000,000, expanding over the coming years, and an annual tax take of not more than 25% for all government purposes (State, local and Federal) we would have a minimum of $25,000,000,000 for all governmental purposes. In the '30s the State and local expenditures averaged $8,000,000,000 and the Federal expenditures $8,100,000,000 though the average Federal expenditures in 1923-1933 were only $3,000,000,000 per year.

Allowing $8,000,000,000 per year for State and local governments, we will have $17,000,000,000 for Federal purposes out of the $25,000,000,000 total tax take. Since a national income of $100,000,000,000, with a relatively static population, will mean relative full employment and reasonable farm incomes, Federal subsidies for relief (which cost $25,000,000,000 in the last ten years) and for agriculture, etc., can be substantially reduced, if not eliminated. Ordinary Federal expenditures of the '30s can therefore reasonably be cut from an average of $8,100,000,000 to $6,000,000,000, still a 100% increase over the average Federal expenditures for 1923-33.

Subtracting the $6,000,000,000 from the $17,000,000,000 left after the State and local expenditures, leaves only $11,000,000,000 for increased veterans' benefits ($557,000,000 in 1940), for annual debt retirement and interest, and for additional costs of the armed services. Allowing $1,000,000,000 for additional veteran and dependents' benefits, $10,000,000,000 is left for these other purposes.

This clearly does not allow much for interest, amortization, the armed forces, and emergency expenditures, but we are using **minimum** revenue figures.

Offsetting, Realizable Assets

Assuming a gross debt of $350,000,000,000, there are

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Simplification Of Proxy Rules Desirable

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me as being an appropriate place for such disclosure. Firstly, with the brevity desirable for a proxy statement, it is usually difficult to describe a transaction adequately so that a stockholder can understand it fully. Secondly, if the transaction is described in the report (usually Form 10-K) made annually by the corporation to the Securities and Exchange Commission and the stock exchange upon which the corporation's securities are listed, sufficient disclosure of the transaction should be accomplished. Those reports may be examined by any stockholder (or any person, for that matter) and if there is anything wrong with the transaction, the odds are greatly in favor of its being given a thorough investigation by interested stockholders (and their lawyers).

In this connection the present proxy rules are tending to require much of the information contained in the Form 10-K reports to be duplicated in proxy statements. Obviously, the reason for this is that the average stockholder never sees these rather voluminous Form 10-K reports because he usually has only a small investment in a large company and disproportionate effort and expense would be incurred by him in having an investigation made of the Commission's files.

But, firstly, it is highly doubtful that the average stockholder is interested in such voluminous information or that he would take the time to read it even if printed and mailed to him. To include a large part of it in proxy statements adds substantially to the already lengthy and complicated nature of proxy statements which is further enhanced by the care necessary on the part of managements that no criminal, civil or injunctive penalties be incurred and the tendency on the part of the staff of the Commission to regard proxy statements as being prepared more for the "average moron" than for the "average stockholder." Already the staff of the Commision is getting itself into a position of urging certain information to be contained on the first page of the proxy statement for fear that stockholders will not read beyond the first page.

Secondly, items of information now required in proxy statements tend to show only narrow segments, in an unfavorable light, of a picture which, as a whole, may be very attractive. For instance, in showing transactions with and compensation of directors, the benefit which the corporation received from the transactions or services of the directors cannot also be depicted. In this connection, it should be remembered that penalties, both criminal and civil, can be imposed for misleading statements which blacken the picture by failing to show the whole facts. If a stockholder sold his security because of misleading information on the bearish side, he would have a cause of action for damages just as much as though he had bought the security in reliance upon misleading information on the bullish side. Although done pursuant to Commission mandate, the present proxy statements do tend to emphasize only the bearish side of the story and in this way may give some unjustifiable impetus to security sales with a detrimental effect upon stockholders wholly outside the contemplation of Congress.

A quite likely effect of most of the proxy statement disclosures upon the stockholder who reads it is merely to cause him not to sign and send in his proxy because he cannot fully understand all of the information and must necessarily be left with the inference that something is wrong

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Simplification Of Proxy Rules Desirable

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or the information would not have to be set forth. This makes much more difficult the management's task of obtaining a quorum of stockholders represented at the meeting, and adds to the expense of proxy solicitation by necessitating follow-up letters and more extensive canvassing of stockholders. Further, under most State corporation laws, failure to obtain a quorum merely results in the election not being held and the directors then in office become "hold-over" directors with substantially the same practical effect as though they had been reelected. In such case the purpose of the proxy rules would be largely nullified. In the light of such a result some corporations have seriously considered omitting entirely any proxy solicitation so as to eliminate the work and expense involved but without such omission having any practical effect upon their directorships or managements.

A much happier solution than requiring such detailed proxy statements would seem to be to require any information, which reasonably may be considered of sufficient importance and relevance, to be included in the Form 10-K filed annually with the Commission. This filing could be made concurrently with the filing of the management's proxy solicitation material. The proxy solicitation material could state that the further information was on file and that copies would be furnished to any stockholder upon request and upon payment of a small charge which should be as low as possible but sufficiently high to discourage "idle curiosity" requests. Any opposition proxy solicitation could then circularize the stockholders and make such use as it wished of the material on file with the Commission, so long as it made no false or misleading statements nor omitted any material facts. In this way, it is believed that the great majority of managements who are doing a good job and are not vulnerable to attack would be spared many undesirable effects of the present proxy statements. On the other hand, those few managements which properly should be attacked would undoubtedly encounter just as vigorous opposition as they now do under the present proxy rules, and would be forced, in defending themselves, to answer and explain any substantive points of attack made by opposition in at least as much detail but probably on fewer and more highly concentrated items than would have resulted through the initial information in the current form of proxy statement.

Opposition to the management is accorded substantial help under the proxy rules, probably on the theory of the supposedly inherent advantages which the management has in a proxy war. For instance, the information required to be set forth by the opposition is much simpler than in the case of management solicitation, and, as a practical matter, consists only of the formalistic matters above mentioned and the above-mentioned items (d), (e) and (h), where their proposed nominees had not previously been directors of the corporation, plus a brief description of the business experience of each nominee during the last five years. Of course, the opposition can usually obtain its own list of stockholders and do its own circularization direct, but, under the proxy rules, the management must mail the opposition proxy solicitation material upon being tendered payment of the expense therefore.

It also would seem that the above-mentioned theory of letting the opposition point up the matters at issue could be applied to

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Can The United States Support A 300 Billion Dollar Debt?

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many off-setting items which can be listed. The Director of the Federal Budget Bureau recently stated that at the end of the war the Government would have on hand $50,000,000,000 of surplus supplies (exclusive of plant and equipment) scattered all over the world. This sum is greater than our entire national debt in 1941 and about the same at present exchange rates as Britain's entire national debt in 1942 after three years of the present war.

We have advanced to our Allies under "lease-lend" about $10,000,000,000 and we can reasonably expect that account to reach $25,000,000,000 before the end. There is also the matter of about $14,000,000,000 due us from the Allies on account of the last war.

The Government has also invested at least $5,000,000,000 in Government owned plants for war production and $25,000,000,000 in other construction. Probably another $5,000,000,000 will have been invested in real estate and $5,000,000,000 in loans to Latin American countries. Probably as much as $25,000,000,000 will be in Government owned shipping at the end of the war. These figures do not include many billions of dollars of Government financed plants and equipment, industrial and other, much of which is under option to private industries at the end of the war. All in all, the total will amount to more than $150,000,000,000, more than three times our national debt in 1941.

Let's hope that at least $75,000,000,000 will be salvaged to reduce the gross debt over a period of years from $350,000,000,000 to, say, $275,000,000,000. It can be done, if there is the will to do it. And it will be much easier to salvage 50% ($75,000,000,000) than to produce that same volume and to tax it from our people.

But let's figure a salvage of only one-third, or $50,000,000,000, leaving a net debt of $300,000,000,000 to be repaid over the years. With a minimum national income of $100,000,000,000 we can, judging from British experience, reasonably sustain a national debt of twice the size of our national income, or, say, a net debt of $200,000,000,000. In fact, there are many reasons to believe that our country can sustain a greater debt in relation to our national income than the British can. The $300,000,000,000 figure will, however, severely strain all our resources to carry it, and balance income and expenditures. But it can and must be borne and redeemed in honest dollars, if we are to avoid national bankruptcy and dictatorship.

A Balanced Budget Necessary

It makes relatively little difference how long it takes to repay the debt. What matters most is popular confidence in the honesty and integrity of purpose of the Government to repay it. And the best means of establishing that confidence is the maintenance of a balanced budget, which has not been attained by the Federal Government since 1930.

With a national income of $100,000,000,000 we could, by taking the entire national income, repay it all in three years. By taking $3,000,000,000 for debt redemption, we can repay it in 100 years and maintain a balanced budget, but the carrying charges will be heavy.

Assuming a debt retirement of $3,000,000,000 per year and subtracting that sum from $10,000,000,000 still available from our assumed annual Federal revenues of $17,000,000,000, we have left $7,000,000,000 per year for interest on the debt, for additional expenses for the armed services and for emergency expenditures, if we are to keep the budget in balance.

Interest On The Debt

A debt of $300,000,000,000, converted into bonds with an indefinite maturity date (rather than permanent bonds) can possibly be carried at an interest rate of, say, 2%. If necessary, to assure this rate, special inducements could be offered, such as partial inheritance or income tax exemption, or redemption in gold dollars of a fixed weight. This rate would mean an interest charge annually of $6,000,000,000, leaving only $1,000,000,000 for the armed forces and emergencies.

With some substantial support from the rest of the world, which we presumably will be policing for some years to come to maintain peace, $1,000,000,000 should, after a reasonable time, suffice for maintenance of the armed forces.

In case of emergencies, such as necessary subsidies in various quarters, or additional funds for the armed services, or additional interest on the debt (if a 2% rate proves too time to time by 5%, but 25% of the national income for low), the total tax take could be raised temporarily from taxes is, from past experience, about all that a nation can stand, except in emergencies, without disastrous repercussions. However, even a total tax take of 30% of the national income, yielding an additional $5,000,000,000 for the Federal Government, would be only 7.6% more than was taken by all Government in the United States in 1938 when tax rates were considerably lower than in 1941, not to mention present war-time rates.

It is also well to remember that over the next 50 to 100 years our national income can be reasonably expected to reach $150,000,000,000. A 25% or lower tax take on such an income would give the Federal Government ample leeway to balance the budget, reduce taxes, or increase the annual debt redemption rate.

Lotteries For Debt Retirement

Another device worthy of some consideration to provide a good margin of safety for possible emergencies and to reduce the huge debt more rapidly in any case, is an annual lottery, conducted by the Federal Government. It could reasonably be expected to yield from $5,000,000,000 to $10,000,000,000 per year, if properly managed, with adequate prizes. Our people love to gamble, as is evidenced by the stock market, the dog and horse races, our national game of "craps" and the widespread popularity of bingo. Some will object, on moral grounds, but the alternative to lotteries may be much worse, to say the least. Lotteries have been used by governments in the past, and our laudable objectives will fully justify them. In any case, they would be as palatable as a sales tax to raise a like amount.

Post-War Taxation

In closing a word must be said about post-war taxation. Redistribution of wealth and income since 1929 has gone on at such a rapid pace that the wealthy are fast disappearing and the so-called middle class is seriously threatened. In these groups lie the savers of the nation, whose capital is so vital to economic progress.

In 1917 there were 141 Federal tax returns of $1,000,000 or more. In 1920 there were only 33, by 1921 only 21. They rose again to more than 500 in 1929 to fall to only 41 in 1935.

In 1938 the total income of all persons receiving $5,000 or more was only $6,500,000,000, only enough to finance this war 3¼ weeks at the reported rate of expenditures—$2,000,000,000 per week.

Since the war began, wages and weekly pay-rolls have risen much more rapidly than cost of living. So likewise with income of farmers. Industrial workers and farmers are the chief beneficiaries of the increased national income arising from the war effort.

The Federal tax structure must be revamped so as to secure a larger yield from the lower-income groups and ease the strain on the higher-income levels, if we are to maintain the savings so vital to our machine technology and to our steady economic progress.

Post-war taxes must be levied with an eye to reducing costs of production, encouragement of saving, and preservation of our free economy from government ownership or bureaucratic domination of all economic activity.

Declining Private Debt

One encouraging note, worthy of mention, is that between 1930 and 1940, while the Federal debt increased about $32,000,000,000 and State and local debt rose $1,500,000,000, a total increase of $33,500,000,000, private debt in the United States declined $28,600,000,000, almost offsetting the rise in government debt. If the private debt, which was $115,000,000,000 in 1940, can be cut to $80,000,000,000 by 1945, and steadily reduced under conditions of high production, as seems feasible, the governmental debt can be maintained more readily.

There is also real hope that State and local debt and taxes can be substantially reduced during the war and the subsequent years of increased productivity. Taxpayers' groups, such as the Pennsylvania Economy League, are now operating in 32 States, advocating good government at less cost, and making the people tax- and debt-conscious.

"A Little Repudiation—A Little Inflation"

Just a word in regard to the all-too-prevalent view that we can take care of the huge post-war debt by a little repudiation, a little inflation, and a little taxation. It won't work. Repudiation or inflation, in large or small doses, penalizes those who can least afford to pay. They do not take into account the individual's ability to pay, and they are unscientific and utterly dishonest.

There is no assurance that inflation, based on devaluation, would work in any case. A 50% devaluation, in hopes of doubling prices, would probably be offset in five years or less by lower prices resulting from lower production costs, arising out of the war and from increased competition and rising production, as prices in the early stages began to rise. Furthermore, devaluation can and will be upset by competitive devaluations by other nations, selling to us and our customers. Also, we have no assurance that simultaneous devaluations by the various nations would have any effect at all, if the same rates were used by all. Finally, controlled inflation, wherever attempted, has never worked without complete dictatorship. Small doses are ineffectual and are offset. They are then followed by larger and larger doses until the middle class is destroyed. Of course, controlled inflation will work if all prices are enforced by the bayonet, the firing squad, and the concentration camp.

No Easy Way Out

There is no easy road out of debt. "Taxes are paid in the sweat of every man who labors, because they are a burden on production. If excessive, they are reflected in idle factories, and tax-sold farms. Our workers may never see a tax bill, but they pay in deductions from wages, increased costs of what they buy, or in broad cessation of employment."

The author of that statement, Franklin D. Roosevelt, holds today the fate of this Nation in his hands. We can only hope that he and his Administration will remember that principle and couple it with another just as vital and just as powerfully expressed by the President: "Too often liberal governments are wrecked on the rocks of loose fiscal policy."

The CHRONICLE invites the comments of its readers on the views expressed by Dr. Saxon, or on any related phases of the subject under discussion.—Editor.

Comment On "The Future Of The Gold Standard"

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potato. So brief is its growing season that errors in estimate as to the proper scale of production are not long in being detected. If production is too great and market prices are correspondingly low, farmers tend to be discouraged and underplant and underproduce. The next year the crop is smaller, prices rule higher and the farmer turns optimist. He then tends to overplant and overproduce, thus closing the circle on a normal two-year cycle. In the case of a crop like apples, which takes longer to bring into bearing, the error in estimate becomes more slowly manifest and the cycle is longer, as are those of gold or factories or money.

The important point, however, is the admission at the outset that the production of gold, and of any money on a metallic base, ebbs and flows in a cyclical pattern. This admission does not lead to the mistaken conclusion that therefore gold, under an orthodox gold standard, caused the boom and collapse of 1929. Gold had relatively little to do with either boom or collapse. What are the facts? If gold caused the boom it must have been a surplus of gold. If it caused the collapse it must have been a deficiency which caused the collapse.

It was, in the first place, not a surplus of gold which caused the boom. Sir George Paish, writing in "The Tariff Review" of November, 1927, two years before the final smash, prophesied the trouble because of our deficiency of gold. Even then, in his orthodox opinion, our gold reserves were inadequate. Two years later, at the peak of the boom, in spite of unwisely large gold imports in the previous decade, our monetary gold stocks, instead of being maintained at an orthodox ratio of 10% of the $60,000,000,000, more or less of our combined bank deposits and hand-to-hand money, had been permitted to fall to less than 7% of that amount. By orthodox tests we had too little gold reserves and the boom arose in spite of this deficiency.

This shortage, although clear enough by conventional tests, was not a controlling factor under the Federal Reserve Act, which had so greatly expanded the amount of credit which could be put out on a given gold base that the limit never came in sight. Whatever psychological effect warnings such as that of Sir George Paish had on the Federal Reserve authorities, or did not have, there was at least no time when they could not, had they wished to do so, have added substantially to member bank reserves by open market purchases of Government bonds. Charts published by the Board of Governors of the Federal Reserve System show that there was actually less Federal Reserve credit in use in 1929 than there had been in 1920-21. There was thus no legal shortage of Federal Reserve credit nor of gold in 1929.

It follows that if the quantity of money which could have been made available by our banks to American business in 1929 was still largely in the discretion of the Federal Reserve authorities, as it was, then that quantity was still being managed at that time. And it was being managed along accepted lines. Throughout the years 1926-29 the levels of both wholesale and retail (cost of living) prices were apparently being held at about the level—recently accepted as a "normal" level—of the year 1926. Had gold been in command, under an orthodox gold standard, the deflation would have occurred years earlier and, presumably, have been less catastrophic.

Not only did our gold policies contribute to world-wide disorder in the '20's, but so did also our tariff increases. The contention, therefore, that laissez faire and gold demonstrated their inadequacy in 1929 bases itself on a distortion of the facts. Laissez faire did not have a real chance in that period. Arbitrary interferences disrupted the normal workings of the laws of supply and demand both as to the flow of goods and gold in international channels because of our tariffs, and as to the quantity of our money through our policies, contradictory as these were, of "economizing" and "sterilizing" gold. That this signal record of mismanagement should now be cited as proof that still more management will be the cure is odd logic.

It is not enough, however, to demonstrate that the advocates of managed money are mistaken in blaming gold for the collapse of 1929. That does no more than tell us what was **not** wrong with our economic system at that time. But if we are to prevent a repetition of disaster we must know what **was** wrong and what to do about it. Something was clearly the matter, and our orthodox economists and "sound money" men will not regain public confidence by ignoring the fact.

The trouble, on the analysis here presented, while it arose partly out of tariffs, was due even more, perhaps, to the superabundant credit made possible by the Federal Reserve Act of 1913. The area of management of credit had been so greatly expanded by that Act that the restraining hand of gold, which could operate decisively only after the legal supply of credit had exhausted itself, was thereby indefinitely removed from the controls.

What the sponsors of the Federal Reserve Act failed to see was that gold cannot be "economized" beyond a certain point, and the legal amount of bank credit which can be issued upon a given gold base cannot be indefinitely increased without making the gold standard a mockery. Just as a glass of icewater does not become a highball because we add a drop of whiskey to it, so does a monetary system not become a gold standard if we overdilute the influence of gold. This is clear enough in any extreme case. A system which permitted the issuance of a million dollars of bank deposits to each dollar of gold would not be called a gold standard by the most optimistic. The question is one of degree, of the length to which we can go in weakening the influence of gold on the quantity of money without emasculating the forces of supply and demand.

If this conclusion is accepted, then two others follow. First, that the conventional definition of the gold standard has been inadequate to put gold in effective control of the volume of money and should be amended to forbid any abnormal proportion of credit to gold. Secondly, that under the definition as thus revised we were not on an effective gold standard in 1929 and have not been since the passage of the Federal Reserve Act. It is, in fact, probable that the critics of the gold standard, when they use the term, are really talking about a different thing from its defenders when they use the term. Dr. Kemmerer, for instance, is plainly discussing a standard under which gold, if it is not in constant and immediate control of the volume of money, at any rate sets definite and practical limits to over-expansion. Most critics, on the other hand, when they condemn gold are thinking about what passed muster for a gold standard in 1929, a standard which, on the foregoing analysis, was so highly diluted that it should not have been permitted to be called a gold standard at all. The trouble with gold in 1929, in other words, was not that it failed, but that it was not fairly tried.

A few other arguments may be touched upon. It has been claimed that the arbitrary fixing of the quantity of our money by some central authority (not a political authority, of course, Heaven forbid!) will do away with monetary cycles. And so, of course, it will. So would the fixing of any other production quota do away with cycles for that product. But it would do away with free enterprise along with them. And without ending mistakes. One of the clear lessons of 1929 should be that excessive profits and expansion—and a bad cycle—occurred in spite of "managing" the quantity of money to hold prices stable.

It is also claimed that a procession of small cycles under a tighter tie to gold will be quite as disastrous in the aggregate as less frequent cycles such as that of 1929. Both experience and analogy should discourage this contention. The 1920-21 cycle, for instance, was a mere trifle, economically and politically, compared to that of 1929. Small cuts and bruises are normal to the active human body, but while they may shed as much blood in the aggregate as deeper cuts, the latter make the trouble.

Still another criticism, and one advanced by Lord Keynes, is that money under a gold standard does not respond to the laws of supply and demand and is inelastic in production.

"Money has, both in the long run and in the short period, a zero, or at any rate a very small elasticity of production, so far as private enterprise is concerned, as distinct from the monetary authority: elasticity of production meaning, in this context, the response of the quantity of labor applied in producing it to a rise in the quantity of labor which a unit of it will command."—Keynes was speaking of gold Theory of Employment, Interest and Money," Harcourt Brace & Co., New York, 1936, page 230.

All that can be said of this ambiguous assertion is that if Lord Keynes was speaking of gold when he talked about "elasticity of production," then he was mistaken, because the general increase of about 70% in the price of gold in the early '30's nearly doubled the quantity mined, in spite of the efforts by South Africa to discourage mining of their high-grade ore, and thus developed a very obvious "elasticity of production." If, on the other hand, he was talking of bank deposits when he said "money" was "inelastic," then it is difficult to figure out what he meant when he spoke of "the response of the quantity of labor applied to producing" bank deposits.

There will always be an area of management, of course, under any system which supplements metallic money with paper or credit. And the wider this area the wider are likely to be our cyclical monetary fluctuations about the point of monetary balance. But if we destroy control by gold in order to avoid these fluctuations, we necessarily destroy gold as a means of identifying the point of balance. And we do so without setting up any alternative means of finding this point. No man or men have yet been found who knew this point of balance.

"The best hope for the future," says Dr. Kemmerer, "consists in the improvement of the gold standard rather than in substitution of some other standard in its place." What could now be done to improve our gold standard? On the theories here presented the first step should be to amend the Federal Reserve Act to require orthodox limits to deposits with reference to their gold base. Then, as an alternative to a substantial rise in general prices we might well revise downward our present excessive price for gold. And then, as a means of curing and preventing the recurrence of serious world maldistribution of gold we should renounce further tariff increases. A change of heart in these matters would be a powerful weapon both for war and peace. We cannot convincingly fight for "free enterprise" while reserving the right for ourselves to interfere at will with the workings of free enterprise in these important fields of tariffs and money.

A final word may not be out of place about the Keynes plan. With present gold reserves so largely monopolized by the United States, no widespread use of the gold standard can be reestablished until either this gold has been redistributed through purchases of foreign goods by us or until, at the very least, the rest of the world has been given time to mine itself new stocks. Meanwhile some currency arrangement must be thought out which will enable the doing of international business. Some hope in the matter, even though makeshift in character, is important both for the winning of the war and for the peace which follows.

Keynes gives such a plan. Whether that plan will ultimately be so developed and fashioned as to reinstate gold as a standard or whether it will continue to subordinate gold to the outer fringes of control, useful for sale to us at $35 an ounce but otherwise substantially superseded, will depend largely on ourselves and Britain. But the Bank of England, which will have much to say about British monetary policy, has, since the time of Bagehot, according to Walter Leaf, invariably put the public welfare ahead of private profit. In this case British welfare is closely tied to world welfare. It seems, accordingly, more likely that Lord Keynes, who has on occasion severely ridiculed the orthodox banking fraternity, has been put by the Bank of England in his present position in order, because of his influence in Washington, to help enable the bank to "sell" Washington a currency scheme which will prove really workable, than that he has suddenly been able to persuade the bank of the virtues of his Utopian ideas for totalitarian controls for money. On this hypothesis it would be a reasonable guess that, unless the United States continues to upset the world monetary applecart, the Keynes plan or any other plan which proves acceptable to the bank will prove no more than a useful stopgap in a profound and well-considered program looking to ultimate restoration of a proper gold standard.

New March 1943 Am. Bank Reporter Directory Now Ready

With over a century of service, the American Bank Reporter for March, 1943, is off the press and now in the hands of its subscribers. The desk edition, 6½x3½ in., of this directory is particularly adapted for desk use and the traveling man's suit case.

In concise form, the desk edition contains an alphabetical list of all the banks in the United States and Canada, arranged by States. The tabular arrangement shows the names of the official personnel, correspondents in New York, Philadelphia, Boston and other money centers, with charter number of each national bank as well as the capital, loan, deposit, surplus and profits, securities and cash on hand, and due from banks.

In addition, the listings include the principal Loan, Trust and Investment Companies, the attorneys in the large towns and cities; also a list of banking institutions in the principal cities abroad.

The book is published by The Charles Steurer Press, Inc., 420 East 149th Street, New York, N.Y.

Foreign Investment Information Service

The Department of Commerce announced on April 30 the establishment within its Bureau of Foreign and Domestic Commerce of the Office of Foreign Investment Information to supply information to American business interested in developing new enterprises in Latin America. The service will work in cooperation with the Export-Import Bank, RFC agencies and the United States Commission of the Inter-American Development Commission. Eric Johnson is chairman of the United States Commission and Nelson Rockefeller is head of the Inter-American Development Commission.

THE NEW YORK CENTRAL RAILROAD COMPANY

EXTRACTS FROM ANNUAL REPORT—1942

To the Stockholders:

The experience of 1942 strikingly demonstrates that the nation is largely dependent upon the transportation facilities of its railroads. Never before have they been called upon to move such a tremendous volume of traffic. That their performance constitutes an outstanding contribution to the war effort is widely recognized.

Your Company has participated fully with the other rail carriers of the country in this vital transportation effort.

In addition to the vastly expanded industrial production for war, other factors influenced the upsurge of railroad traffic during the year. First among these was the disruption of shipping along the Atlantic coast, and the withdrawal for war transport elsewhere of vessels formerly in coastal and intercoastal service. This diverted to the rails a huge volume of traffic, the major part of which was petroleum products that formerly moved to the eastern seaboard by water. Further diversion of both freight and passenger traffic to the rails, the extent of which cannot be accurately measured, followed gasoline rationing and the rubber shortage. In the field of passenger traffic the volume was greatly expanded by troop movements.

This abnormal wartime traffic volume has had a pronounced effect upon the business of the Company. Not since 1929 has it had a year of comparable gross revenues. Despite heavily increased costs for taxes, wages and materials, the Company earned in 1942 a net income of $49,082,183, equal to $7.61 a share. Increased operating efficiency, reflected in a substantial reduction in the ratio of operating expenses to gross revenues, and lower annual interest charges incident to the Company's policy of debt retirement, contributed to this result.

Operating Revenues and Expenses

Railway operating revenues totaled $593,666,096, more by $145,876,441, or 32.6%, than in 1941, and included an increase of $91,375,731, or 27.1%, in freight revenue, and an increase of $45,649,168, or 68.5%, in passenger revenue.

The volume of revenue freight moved, as measured by the number of tons moved one mile, was 36.1% larger than in 1941. The revenue per ton mile, however, declined to 8.65 mills, the lowest since 1918. The classes of freight accounting for the largest gains in tonnage, with the percentages of increase over 1941, were: Products of Agriculture, 14.4%; Products of Mines, 14.5%; Manufactures and Miscellaneous, 19.7%.

Passenger traffic, as measured by the number of revenue passengers carried one mile, increased 55.5% above 1941. Revenue per passenger mile averaged 2.058 cents, the lowest, except for 1940 and 1941, since 1917. The movement of armed forces in active military service contributed largely to the increased volume of passenger traffic, which was further augmented by members of the armed forces traveling on furlough at reduced fares.

In both freight and passenger traffic, the volume moved constituted an all-time high in the Company's history.

Railway operating expenses (before taxes, other deductions, and fixed charges) were $402,669,598. This was an increase over the previous year of $71,231,487, or 21.5%, due to the greater volume of business as well as a larger maintenance program, greater accruals for depreciation, increased rates of pay and higher costs of materials and supplies.

Railway operating ratio was 67.83, the lowest since 1916.

Taxes

Railway tax accruals were $82,890,104, greater by $39,478,275, or 90.9%, than in 1941 and equivalent to $12.86 per share of stock. Increased personnel and higher wage rates necessitated larger payments under the Federal railroad retirement and unemployment insurance acts, which payments amounted to $15,204,144, compared with $12,729,288 in 1941, and represent 2.56 cents out of each dollar of operating revenue. United States income and excess profits tax accruals were $41,579,081, as compared with $7,592,388 in 1941. Accruals for Canadian income and excess profits taxes totaled $1,880,985 as against $838,185 in 1941.

Net Income

Net income, after all deductions, was $49,082,183 and was transferred to the credit of Profit and Loss. This result reflects the unprecedented volume of traffic, both freight and passenger, occasioned by the war.

Dividend

The Board of Directors, on November 11, 1942, declared a dividend of $1.00 per share on the capital stock, payable January 15, 1943, to stockholders of record December 10, 1942. The amount of this dividend, $6,447,394, was charged to Profit and Loss.

Capital Obligations

During the year a reduction of $51,318,857 was effected in the amount of capital obligations (including amounts due the State of New York on account of grade crossing eliminations, and for equipment acquired under railroad equipment agreements assigned to banks) of the Company and its lessor companies outstanding in the hands of the public. At the end of the year the total of such obligations was $917,737,246, compared with $969,056,103 at the end of 1941, and $1,108,807,952 at the end of 1932.

Interest charges on an annual basis on the obligations outstanding at the end of 1942 were $11,353,106 less than on the obligations outstanding at the end of 1932.

In the four years 1943-1946 inclusive, the Company will be called upon to provide for approximately $50,464,000 of maturing obligations of the Company and its lessor companies.

Wage Increase

Payroll costs, including taxes, reflect the increased rates of pay and vacation allowances which became effective December 1, 1941, following the settlement of demands of organizations representing railroad employes.

On September 15, 1942, organizations representing fifteen groups of railway employes served notices requesting a further increase in pay of 20c per hour with a minimum hourly rate of 70c, and also the adoption of a "union shop" rule. Following rejection of these requests by the railroads, the services of the National Mediation Board were invoked by the labor organizations, but, its efforts having failed to effect a settlement, the matter is now in abeyance pending further action under the Railway Labor Act and Executive Orders of the President of the United States. On January 25, 1943, other organizations, representing locomotive enginemen and firemen, conductors, trainmen and switchmen, served notices requesting a further wage increase of 30%, with a minimum increase of $3.00 applied to the daily rates.

Freight and Passenger Rates

Increases in interstate freight rates and passenger fares were authorized by the Interstate Commerce Commission for all railroads in the early part of 1942 following wage increases made effective at the close of 1941. Corresponding increases were, with but few exceptions, made applicable to the Company's intrastate traffic within the various states in which the Company operates. The increase in passenger fares was 10 per cent. It applies as yet only to a small portion of the commutation traffic. The increase in freight rates varied from 3 to 6 per cent, depending on the commodity, and spread over the total freight traffic amounts to about 4.5 per cent. An effort is now being made by the Office of Price Administration, the Department of Agriculture, and other governmental agencies, to secure cancellation of the increases in whole or in part in a proceeding now pending before the Interstate Commerce Commission.

For Comparative Income Account, Balance Sheet, etc., see Statistical Issue dated May 17th.

Simplification Of Proxy Rules Desirable

(Continued from page 1766)

permit the presentation of stockholders proposals for action at the stockholders' meeting rather than requiring the management to do so. The present rules require that the management set forth all proposals which any security holders intend to present at the stockholders meeting, together with a statement of the reasons of each such security holder in support of each proposal (such reasons being limited to 100 words per proposal). Perfectly ridiculous proposals are possible and tue of this rule and there is no limitation upon the amount of language required to describe the proposal although the reasons for the proposal must be limited to 100 words. In order to discourage management baiting, by virtue of this rule, it is suggested that the security holders making the proposals be required, themselves, to have their proposals printed at their own expense, but to permit them to be mailed with the management's material (or, if the management objects to the enclosure with its material, at the corporation's expense). This would tend to discourage purely specious proposals.

Summarizing, the following highly undesirable aspects of the proxy rule requirements may be stressed:

They result in long, complicated proxy statements which, quite probably, are not generally read by stockholders;

They greatly add to the difficulties and expense of proxy solicitation and have a tendency toward disenfranchisement of stockholders by encouraging corporations to refrain from proxy solicitation;

They impose substantial burdens upon the corporations which have listed securities and which, therefore, are required to comply with the proxy rules, such burdens not being incurred by other corporations (except utilities and investment companies) whose securities are admitted to unlisted trading privileges or dealt in over-the-counter, thereby tending to discourage the listing of securities upon stock exchanges; and

They stress the disclosure of facts which, viewed alone, put managements in an unfavorable light and give rise to bearish tendencies in security values, whereas, if additional facts could be set forth (which, as a practical matter, cannot be done) showing the whole picture, no unfavorable or bearish impression would be given the stockholders.

The foregoing unfavorable aspects could be largely eliminated by simplifying the proxy rule requirements for proxy statements so that they stress really important information on the director-nominee's qualifications, supplementing the proxy statements by broadening the Form 10-K requirements to the extent the Commission deems reasonably necessary and requiring the filing of Form 10-K concurrently with the filing of the proxy solicitation material. This would facilitate opposition solicitation on any points where the particular management may be properly vulnerable.

In simplifying the proxy statement requirements, such information as stockholdings (except in cases exceeding 10% ownership of a class of stock), and compensation and transactions of the director with respect to the corporation should be eliminated, as well as such extraneous material as compensation to officers, employees and others who are not even nominees for directors. These items do not have any great bearing upon the nominees qualifications. Much has been written as to whether directors should or need not own securities of their corporation. Most State corporation laws and, I believe, most corporation charters or by-laws, do not require stock ownership by directors, or, if required, only a nominal amount need be owned. A man can be just as good a director without owning stock as he can where he does own some. However, if he is interested in one class of stock of the corporation to as large an extent as 10% of the issue, he, of course, may tend to favor such class in his director activities and this might bear upon his qualifications as a director to such an extent that it should be disclosed in a proxy statement. Compensation to directors should be judged in the light of their abilities and duties and the consequent benefit to the corporation, and the mere statement of a dollar amount of compensation to a director is obviously meaningless. The same conclusion is true in respect of transactions between the corporation and a director—the story is not complete unless the stockholder knows the benefit which the corporation received. The proxy rules require disclosure of about the same information for directors whose terms are expiring and who are not coming up for re-election as they do in the case of nominees for directors, and such information obviously has no bearing upon the qualifications of the proposed nominees.

It is submitted that disclosure should be required of only the following information in the management's proxy statements: the names and business experience of the proposed directors, as well as any arrangement or understanding whereby any of them may reasonably be considered a representative on the Board of another person or company; the stockholdings owned or represented where they exceed 10% of a class; any cumulative voting rights; the amount of stock outstanding of each class; and the formalistic matters referred to earlier in this article. It is believed that management proxy statements stressing such information, and confined thereto, would have much more benefit to the stockholders without the detriments than the present proxy statements. As above outlined, any other information could be made available to stockholders through Form 10-K reports or through communications to stockholders by any opposition to the management that thinks it has a sufficiently meritorious case to present to the stockholders.

It is urged that an analysis be made of the many proxy statements now available under the new rules with the view of simplifying and clarifying the rules to the end that their burdens and detrimental aspects may be minimized, endeavoring in such analysis to use a fair sense of proportion as to what is and is not really important to stockholders.

The CHRONICLE invites the comments of its readers on the views expressed by Mr. Dimmock, or on any related phases of the subject under discussion—Editor.

President Sees Need For World Body Of Law

President Roosevelt, in a message to the American Society of International Law, on April 30 said that the nations of the world must have a definite body of law for its dependence and that "it cannot permit a recurrence of the present reign of lawlessness." The President further said that such a body of law "must be a steadily growing one, tempered by past experience but capable of fulfilling the needs of a rapidly changing world."

Mr. Roosevelt's message, sent to the Society's annual session in Washington and addressed to Frederic R. Coudert, President of the organization, follows:

"The objects and purposes of the Society, namely, to foster the study of international law and to promote the establishment and maintenance of international relations on the basis of law and justice, are praiseworthy, and the Society's record in promoting interest in this important field is a matter of justifiable pride.

"Objective and enlightened discussion of the rules of conduct that should govern the relations between nations tends to focus interest on a subject, the importance of which is too little emphasized.

"With war raging on all seas and in far-flung lands, we are face to face with the proposition that the alternative to such shocking destruction as exists today is a definite body of law accepted and followed by nations in their relations with each other. It is not sufficient to hope that international problems will automatically adjust themselves. We know too well that progress is achieved the hard way.

"Men on the battle fields are dying that civilization may be saved and that law by which we have learned to govern our conduct toward our neighbor, and not force, shall prevail. The body of law under which our civilization must advance must be a steadily growing one, tempered by past experience but capable of fulfilling the needs of a rapidly changing world. The world must have such law for its dependence. It cannot permit a recurrence of the present reign of lawlessness.

"There has scarcely been a time when there was greater need than now for constructive thinking looking to the supremacy of law, justice and common decency in the relations between nations and their peoples. Learned organizations, such as your society, are in a position to play a helpful part."

New WLB Wage Edict Is Inflationary Says L. H. Brown, President of Johns-Manville

Lewis H. Brown, President of Johns-Manville, asserted on May 8 that the War Labor Board has "determined to relinquish the fight against inflation by breaking through its own 'Little Steel' formula," said the New York "World-Telegram" of May 8, which also gives the following:

The statement was issued following the WLB directive order establishing a general wage increase of 2½ cents per hour and ordering a maintenance of union membership with the voluntary checkoff of union dues at the company's Waukegan, Ill., factory.

Lewis H. Brown

Mr. Brown made public a letter he had sent previously to the Board warning of the inflationary effects of the blanket wage increase.

"I believe the country at large should be informed that you have determined to scrap the 'Little Steel' formula, and that it is no longer in effect," he wrote. "This matter is too vital to the welfare of the country to go unpublished."

Contending the company's position in opposing the increase has been based entirely on "four sincere attempts to co-operate with the government in its efforts to head off inflation," Mr. Brown said that a continuation and extension of the board's policy on wages may compel Johns-Manville to abandon its "patriotic but difficult to maintain" policy of not asking for general price increases above the present ceilings.

He said nothing has happened to relax Johns-Manville's consistent policy of opposition to all forms of the closed shop and check-off.

"Johns-Manville is working at capacity to produce goods for the war effort and will continue to do so under any circumstances and to the best of our ability.

"If maintenance of membership is ordered I wish you to know that we can accept it only as a dictatorial war measure imposed upon us and one to which we will submit only under the discipline of war and will regard as applicable only for the period of the war."

"I realize that efforts of the government to hold the line against rising costs of living have not been effective and that prices, particularly food prices, have risen to an extent which has placed employees in a difficult position," he asserted. "I am in full sympathy with the phase of this problem.

"The only way it can be solved, however, without disastrous inflation, is for the government to follow a courageous and unyielding policy of price and wage controls for everybody. To try to keep ahead of price rises by increasing wages creates a race against fate in which the employee inevitably will be the loser."

Liguori O'Donnell With Straus Securities Co.

(Special to The Financial Chronicle)

GARY, IND.—Liguori A. O'Donnell has become associated with Straus Securities Co., as representative in Gary with offices at 504 Broadway. Mr. O'Donnell was formerly president of O'Donnell & Co., Inc.

J. E. Pepper Co-Manager

YORK, PA.—John E. Pepper, manager of Reynolds & Co.'s office at Pottsville, Pa. has also become co-manager of the firm's office at York, Pa., in the Yorktown Hotel Building. Joseph H. Mosser remains as manager of the York office.

De La Chapelle Heads NY Bond Club Slate

Richard de La Chapelle, of Shields & Co., has been nominated for president of the Bond Club of New York for the ensuing year to succeed Albert H. Gordon, of Kidder, Peabody & Co. The election will take place at the Club's annual meeting to be held on June 9.

Henry G. Riter, 3rd, of Riter & Co., has been nominated for the office of vice-president, the post held by Mr. de La Chapelle during the past year.

W. Fenton Johnston, of Smith, Barney & Co., has been nominated for secretary, and Walter W. Wilson, of Morgan Stanley & Company, for treasurer.

Nominations for members of the Board of Governors, to serve for three years, include T. Jerrold Bryce, of Clark, Dodge & Co., Frederick H. Brandi, of Dillon, Read & Co., and Henry C. Brunie, of the Empire Trust Company. James Coggeshall, Jr., of The First Boston Corporation, has been nominated to serve the unexpired term of George D. Woods.

Continuing as governors will be: Harry W. Beebe, of Harriman Ripley & Co., Inc., Eugene R. Black, of The Chase National Bank, Joseph A. W. Iglehart, of W. E. Hutton & Co., Joseph H. King, of Union Securities Corporation, and Lee M. Limbert of Blyth & Co., Inc.

Members of the nominating committee were Perry E. Hall, Chairman, Walter F. Blaine, Henry H. Egly Joseph H. King, and Joseph A. W. Iglehart.

Robt. Laffan Joins Chas. W. Scranton Co.

NEW HAVEN, CONN.—Robert Laffan, a member of the "Wall Street Journal" editorial staff for more than fifteen years, has resigned to take a position with Chas. W. Scranton & Co., 209 Church Street, members of the New York Stock Exchange.

Mr. Laffan came to the "Wall Street Journal" from the "New York Journal of Commerce" in 1927. He wrote a stock market column daily for the "Wall Street Journal" from 1934 to early 1942. He also wrote a feature column for the "London Daily Telegraph" twice weekly prior to the war. Early in 1942 he discontinued writing about the stock market to cover communications, rubber and other industries. With Chas. W. Scranton & Co. Mr. Laffan will supervise investment portfolios and engage in promotional work in the firm's research and analysis department.

Eric A. Johnston Will Address N. Y. Bond Club

Eric A. Johnston, President of the Chamber of Commerce of the United States, will address the Bond Club of New York at its next luncheon meeting to be held at the Bankers Club on May 19. Albert H. Gordon, President of the Bond Club, will preside at the luncheon.

Now David Morris & Co.

The firm name of William Morris & Co., 52 Wall Street, New York City, specialists in over-the-counter securities has been changed to David Morris & Co.

Formation of David Morris & Co. was previously reported in the "Chronicle" of April 29.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1756)

this is written. Almost everybody in Arkansas, Louisiana and Texas who is interested in security prices (and their number surprised me) is convinced that prices are bound to rise. They point to all sorts of reasons, and with their own businesses so obviously good that thinking of the market as too high, or on the verge of a break seems sheer madness.

* * *

I have stressed here time and again that nowhere is unanimity so dangerous as in the stock market. The reasons for this defy analysis. You either accept it or leave it alone. You can't argue with it.

* * *

This doesn't mean that prices are going down immediately. The very reason that the public is in and anxious to get in deeper will, for the time being, either make for higher prices or a prevention of any wide open break. But the basis on which prices advanced originally is gone. From now on advances are based on hope, a mass hope.

* * *

Of course, the question of timing now becomes paramount. But with the public standing by with wide open purses the answer is not easy to find.

* * *

It is possible that a piece of news may set off a decline; a minor piece of news which under ordinary market conditions would leave the price structure untouched. But whatever the reason or the cause that may start the market downhill the fact remains that the fat has been removed. It's not an easy thing to sit by idly and watch stocks go through old highs. I remember, however, when there were times when not only both averages gave a bull market signal only to step back and do pratt-falls but before going into acrobatics managed to pull a lot of people along with it.

* * *

There is something about this present market which does not ring true. What it is I can't put my finger on. But whatever it is I can't bring myself to buying. And if I can't, I won't advise readers to do it. Perhaps by the time the next column is written enough signs will appear to change my opinion. But until it does the advice given here last week and the week before to hold all profits and wait still applies.

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

Ins. & Bank Evaluator

The current issue of the "Insurance and Bank Stock Evaluator," issued by Butler-Huff & Co. of California, 210 West Seventh St., is now being distributed. The "Evaluator" contains a comparative analysis of 82 insurance companies and 37 banks as well as a brief discussion of the position of the insurance business.

Copies of the "Evaluator" may be had from Butler-Huff & Co. upon request, together with the current issue of "News & Views" containing interesting notes on various insurance companies.

$5,300,000

New York Central Railroad
Equipment Trust of 1943

2% Equipment Trust Certificates
(PHILADELPHIA PLAN)

To be due annually $530,000 on each June 1, 1944 to 1953, inclusive

To be guaranteed unconditionally as to principal and dividends by endorsement by The New York Central Railroad Company.

These Certificates are to be issued under an Agreement to be dated as of June 1, 1943 which will provide for the issuance of $5,300,000 par amount of Certificates to be secured by new standard-gauge rolling stock, estimated to cost approximately $7,175,000.

MATURITIES AND YIELDS

1944	0.875%	1947	1.65%	1951	2.20%
1945	1.20	1948	1.85	1952	2.25
1946	1.40	1949	2.00	1953	2.30
		1950	2.10		

Issuance and sale of these Certificates are subject to approval by the Interstate Commerce Commission. The Offering Circular may be obtained in any State in which this announcement is circulated from only such of the undersigned and other dealers as may lawfully offer these securities in such State.

HALSEY, STUART & CO. INC.

LADENBURG, THALMANN & CO.
BLAIR & CO., INC.
OTIS & CO. (INCORPORATED)
E. H. ROLLINS & SONS INCORPORATED
CENTRAL REPUBLIC COMPANY (INCORPORATED)
EQUITABLE SECURITIES CORPORATION
HALLGARTEN & CO.
HORNBLOWER & WEEKS
FIRST OF MICHIGAN CORPORATION
GREGORY & SON INCORPORATED
SCHWABACHER & CO.
EDWARD LOWBER STOKES & CO.
F. S. YANTIS & CO. INCORPORATED

To be dated June 1, 1943. Principal and semi-annual dividends (December 1 and June 1) payable in New York City. Definitive Certificates in coupon form in the denomination of $1,000, registerable as to principal. Not redeemable prior to maturity. These Certificates are offered for delivery when, as and if received by us. It is expected that Certificates in temporary or definitive form will be ready for delivery in New York City on or about June 1, 1943. The information contained herein has been carefully compiled from sources considered reliable, and while not guaranteed as to completeness or accuracy, we believe it to be correct as of this date.

May 13, 1943.

Trading Market In

PARK CENTRAL HOTEL

(870 Seventh Avenue)

General Mortgage 4½'s, 1957

SHASKAN & Co.

MEMBERS { *New York Stock Exchange*
New York Curb Exchange

40 Exchange Place **New York**

Telephone: DIgby 4-4950
Bell Teletype: NY 1-953

New York Title & Mortgage Co.
SERIES C-2

Complete descriptive circular will be sent upon request.

Seligman, Lubetkin & Co.
Incorporated
Members New York Security Dealers Association
41 Broad Street **New York**
Telephone HAnover 2-2100 **Teletype NY 1-592**

Park Central Hotel General Mortgage Bonds 870 Seventh Avenue Corporation

4½ Points In Back Interest Will Be Paid May 18. 2¼ Points Accrued Interest Will Be Paid July 1. Yield Of Over 10% Obtainable. Earnings Increasing.

An announcement was made that the Plan of Modification of these General Mortgage Bonds to place them on an income basis was abandoned May 1, 1943, because of insufficient support from bondholders. The interest therefor remains fixed at 4½%. The Trustee has advised that interest payments due July, 1942, and January, 1943, totaling $45 per $1,000 bond, will be paid to bondholders of record May 17, 1943. There will be another semi-annual interest payment of $22.50 due July 1. Bonds purchased today will be entitled to these payments.

Despite the fact that hotel business in New York is far better now than during the Worlds Fair era, the bonds of this property are currently selling below the high price reached at that time.

Because of its large size and excellent location, this 1,600-room hotel is receiving a good share of the current hotel boom The bonds carry with them stock representing an equal share in two-thirds of the ownership of the property, a feature that is not only a hedge against inflation but which should permit the bondholders to receive the maximum benefit from the property.

The gross income of the hotel for the single year of 1942 was over $2,500,000, yet at the present price at which the General Mortgage Bonds with stock are quoted, the value of the entire property, including the furniture and furnishing contained therein, is being placed at less than $3,000,000. This is in interesting contrast with the original cost of the hotel, which was in excess of $11,000,000, and the value of $6,750,000 placed on the property by the City of New York in its 1942-43 assessment.

It is also interesting to compare the original funded debt of the hotel with its present debt:

Original Funded Debt—	
First mortgages	$8,500,000
Second mortgages	2,000,000
Notes	378,103
Total	$10,878,103
Present Funded Debt—	
First mortgage	$1,200,000
General mortgage bonds	4,055,000
Total	$5,255,000

The hotel, occupying the entire block front of Seventh Avenue between 55th and 56th Streets, New York City, is but a short distance above Times Square with its theatre and amusement district and is easily accessible to the shopping and business sections of the city. Moreover, the buildings are relatively modern and well maintained (erected 1925 and 1927). The buildings are 31 stories high and contain a total of 1,600 rooms. In addition to its other features, the hotel contains a large indoor swimming pool.

The General Mortgage Bonds were issued in reorganization of the property effected in 1935. Under the plan, funded debt was sharply reduced and the bond issue placed on an income basis, cumulative at the rate of 4½% per annum until Feb. 1, 1940, thereafter fixed at this rate, a requirement which is now being continued.

The management suspended fixed interest payments July 1, 1942, and instead made substantial periodic principal payments on the first mortgage which had become due. In this manner they were able to avoid a foreclosure of the mortgage while negotiating for a new first mortgage. It also gave them time to solicit the bondholders' approval to return to a 4½% cumulative income interest basis. This measure was first required by the holder of the first mortgage and later by the institution making the new loan. The apparent reason for the request was that the lenders did not want to have their interest or principal payments placed in jeopardy in case a bankruptcy action was necessary because of failure to pay the General Mortgage bondholders fixed interest. Sufficient consents from the bondholders could not be obtained. However, earnings of the hotel so materially increased that a new loan of $1,200,000 was obtained from the Connecticut Mutual Life Insurance Co. without requiring any modification of the bondholders' fixed interest stipulation. This loan was somewhat in excess of the first mortgage outstanding at the suspension of interest payments on the bonds and was sufficient to refund the old first mortgage and to provide funds with which to pay the back interest to the bondholders.

Published earnings of the hotel for the year 1942 were 5.65% on the bonds compared with 4.40% in 1941. Business thus far in 1943 apparently is considerably better than in 1942. In a letter to the bondholders dated April 4, 1943, the management estimated that if the balance of 1943 showed the same relative improvement as the months of January and February, earnings would be equivalent to 7.5% on the bonds. However, in their computations in arriving at this figure, they deducted certain reserves required in their plan of modification. Now that the plan has been abandoned and if earnings continue as in the past several months, we do not believe it would be too optimistic to estimate earnings as much as twice the 1943 interest requirement on the bonds. Of necessity, however, there will be certain expenses to be paid for the plan of modification and, of course, brokerage commission for the new loan. These items, if charged to 1943 income, may lower this estimate. Regardless of this contingency, the remarkable increase of current earnings of this and other hotels in the section would indicate a safe coverage of interest requirements on the bonds. All in all, these securities seem like a good speculation for income and price appreciation.

A condensed statement of earnings before depreciation for the past two years is as follows:

	1942	1941
Gross Income:		
Roome	$1,220,899	$1,128,670
Service	629.398	563.709
Other income	650,566	577,152
Total	$2,500,863	$2,269,530
Costs & expenses	1,985,520	1,815,061
Other expenses	34,459	15,776
Real estate taxes	200 475	204,911
First mtge. interest	48.030	50,149
Amortization	3,297	5,270
Balance	229,082	178,363
Genl. mtge. interest	182,484	182,484
Earned per bond	5.65%	4.40%

Real Estate Securities

Series C-2 Mortgage Trustees Sell A Property Which Has Been A Drain On The Trust Estate For 55% of Cost

We believe that this sale is significant in that it shows clearly that the Series C-2 Mortgage Certificates at present levels of approximately 38 are considerably underpriced.

If a property such as the Mecca Theatre and the adjoining stores, occupying the west side of Avenue A from 14th to 15th Streets, New York City, can be sold for all cash in the amount of $170,000 when the actual income from it could not cover operating expenses and real estate taxes, the logical conclusion is that good properties providing net income to the Trust Estate enabling it to make income distributions to certificate holders will command prices in liquidation in excess of a 55% ratio to cost.

Ownership of real estate as a reliable hedge against inflation is a well-known axiom. With new buildings limited for the duration, purchasers of real estate must confine their search for this type of investment to completed properties in good physical condition with rent rolls and occupancy sufficient to show a fair return on the invested capital.

There is no doubt of the increased activity in the purchase and sale of income producing properties and it is our contention that the Mortgage Trustees, who have more or less through necessity devoted their past efforts to keeping properties in condition and improving income, now find themselves in a position to take advantage of greatly improved real estate conditions and to liquidate at much better prices than in the past. One important point to be considered in the certificated issues such as Series C-2 is that the cost to the Trusts of the properties is in most cases the amount of the mortgage outstanding at the time the Trustees took possession. With this thought in mind, it is quite possible that in a good market liquidations should in many cases be close to cost and in some cases in excess of cost. An accurate estimate cannot be made but we believe it reasonable to assume that final liquidation could be around the 75% or 80% level. With this future prospect and a fair yield on invested capital, the approximate present price level of Series C-2, 38 seems out of line with conditions.

We are informed that it is the intention of the Trustees to submit to the Court for consideration certain proposals for the sale of property in which, together with the cash involved, the Trustees would be permitted to accept certificates in part payment. Such a procedure should create a substantial demand for the Certificates.

Active Markets

N.Y. Title & Mtge. BK C2 F1

Prudence Collaterals Series A-18

and all other

TITLE CO. CERTIFICATES & MTGS.

SIEGEL & CO.
39 Broadway, N. Y. **Digby 4-2370**
Bell System Teletype 1-1942

IBA 31st Convention Proceedings In Book

The Investment Bankers Association of America has made available a booklet containing the proceedings of its 31st annual meeting and war finance conference, which was held Oct. 18-20 in New York City. Full details of the meeting are given in the publication, in which is also presented the list of the 1942-43 officers and governors, national committees, group executive committees, constitution and by-laws and group constitution.

Cities Service Looks Good

Common stock of Cities Service Company offers an attractive situation according to an interesting memorandum just issued by Van Alstyne, Noel & Co., 52 Wall Street, New York City, members of the New York Stock Exchange. Copies of the memorandum may be had upon request from Van Alstyne, Noel & Co.

NY Title and Mtg. Ctfs. Series C-2 Interesting

Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York City, have prepared an analysis of series C-2 first mortgage certificates, originally issued and guaranteed by New York Title and Mortgage Company.

Copies of this analysis may be had from Seligman, Lubetkin & Co. upon request.

OUR REPORTER'S REPORT

Preliminary inquiry reported by dealers indicated a quick cleaning up of the $38,000,000 of first mortgage 3¼%, 30-year bonds of the Public Service Company of Indiana, which were expected to be placed on the market today.

Dealers reported a broad interest, with a number of New England insurance companies applying to the selling group for sizeable amounts.

The bonds were sold in competitive bidding on Monday with the successful syndicate paying the company a price of 101.0969 for the issue which will mature in 1973.

The public offering was fixed at a price of 102⅜ less ½ point to dealers, and it was expected that subscription books would close without undue delay.

Proceeds accruing to the issuer, are to be applied toward redemption, at 106¼ and interest, of an equivalent amount of outstanding series "A" 4s which are not scheduled to mature until the Fall of 1969.

The new issue, known as Series "E," is the first sizeable new corporate financing to reach market in the wake of the recently completed Second Victory Loan Drive of the Treasury, which for several weeks kept a large part of the underwriting and security dealers' fraternity rather completely occupied.

Another Fast Operation

Although considerably smaller than the Public Service Company of Indiana project, the public offering of John Morell & Company debentures was likewise catalogued among dealers as an issue which would "go out the window" in the parlance of the Street.

Sponsored by a Chicago house, and with the issuer well known in the Middle West, it was indicated that the bulk of the offering would find takers in that area. None-the-less, it was the expectation that a sizeable part of the loan would wind up in the hands of New York investors.

Totalling $7,500,000, the sale of the debentures with a 15-year maturity, would provide the company with funds for liquidation of certain notes, aggregating about $5,384,700, and with money for carrying increased receivables and to reduce current liabilities.

A "Photo-Finish"

When it comes to serials and intermediates, such as railroad equipment trust obligations, bankers are thinking pretty much in the same price terms these days.

This was quite clearly illustrated again early in the week when the New York Central marketed an issue of $5,300,000 of one-to-ten year certificates.

Three groups bid for the issue, all of them specifying a coupon rate of 2%. A differential of only nine cents on a $100 piece separated the bids of the winning group and its nearest competitor.

The successful bidders paid a price of 99.279 while the runner up bid 99.27, with the third bid fixing a price of 99.1399.

Older Issues Cleaning Up

With things returned to more or less normal in the investment market now that the Treasury has temporarily satisfied its war needs, reports indicate that buyers are showing more interest in issues that have been resting on shelves for a while.

Some of the flotations which preceded the Treasury's undertaking proved a bit slow, such as the Public Service Company of New Hampshire $20,500,000 of 3¼s and the Erie Railroad's $10,000,000 of one-to-ten-year collateral trust notes.

Both those issues came at a time when investor interest, both institutional and individual, was turning strong in the direction of the huge war-financing.

The private undertakings consequently suffered some neglect marketwise. But within the past fortnight, reports indicate both issues have been moving more freely, with practically all of the Eries placed and with the balance of the New Hampshires having been whittled down considerably.

Houston Light & Power Common Stock Offered

Public offering of 242,664 shares of the no par common stock of Houston Lighting & Power Co., one of the most important operating units in the Electric Bond & Share System and formerly 100% controlled subsidiary of National Power & Light Co., was made May 12 by a countrywide group of 69 investment banking firms headed by Smith, Barney & Co., Lazard Freres & Co. and Blyth & Co., Inc. Other principal underwriters are: Goldman, Sachs & Co.; Harriman Ripley & Co., Inc.; Kidder, Peabody & Co.; Lehman Brothers; Mellon Securities Corp.; Stone & Webster and Blodget Inc.; Union Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane; Glore, Forgan & Co.; Lee Higginson Corp. and Spencer Trask & Co.

The sale of these shares, priced at $54, will complete the distribution to the public of the entire 500,000 shares of Houston Lighting & Power common stock formerly owned by National Power & Light Co. These shares represent the rest of the common stock of Houston Lighting & Power Co. owned by National which were unexchanged under the offer to the holders of National's $6 preferred stock, made last year. Of the total of 500,000 shares outstanding, 257,336 shares were distributed publicly through the operation of the exchange offer.

The present offering marks a further step toward the dissolution of National Power & Light Co. and with the completion of the sale of these shares Houston Lighting & Power will cease to be either a subsidiary or an affiliate of National Power & Light or Electric Bond & Share Co.

Houston Lighting & Power Co. will apply in due course for listing of the stock on the New York Stock Exchange.

The Houston company serves Houston and Galveston and 148 other cities, towns, villages and communities as well as an extensive rural area in Texas. Its franchise dates from 1882 and for the year ended Dec. 31, 1942 net income after provision for Federal taxes, including excess profits taxes, and after preferred dividend requirements, was $2,526,490, equal to $5.05 per share on the 500,000 shares of no par common stock outstanding. For the past ten years Houston common has paid dividends of $3.60 per share per annum.

The Securities Salesman's Corner

Open New Accounts—Use "Big Name" Securities

GUARANTEED RAILS LOOK LIKE ONE ANSWER!

One of the difficulties encountered by salesmen specializing in over-the-counter securities is that they are often met with the objection that their offerings are not representative of well-known companies. Although the fact that a security of a well-known company is certainly nothing in itself to recommend an investment, from the standpoint of the sales psychology behind such an objection, it is important, and must be overcome in many cases before the sale can be made.

There are experienced salesmen who actually use "big name" securities to open an account. They select a nationally known stock that is listed on the Stock Exchange, and although they can make no commission on this first sale the effort is charged to the cost of opening the new account.

It is a fact that people like to talk about things with which they are acquainted. Confidence is inspired when well-known securities are recommended. It's the same situation from a selling standpoint as when your haberdasher tells you it's an Arrow collar, or a Stetson hat. Your new prospect, who has just recently made your acquaintance, has the same reaction if you recommend a security that is a household by-word.

A salesman's job is to do business. Any legitimate procedure that will help him to gain this objective should have the support of his organization and his salesmanager. Whenever a salesman can offer a "big name" security to his clientele (providing, of course, that such a security is suitable for recommendation) then we believe he should do so. These companies have spent millions of dollars in advertising to build up their names with the public—WHY NOT CASH IN ON THIS GOOD WILL?

IN THIS CONNECTION WE SUGGEST THAT THE **GUARANTEED STOCKS** OF OUR MAJOR RAILROADS TODAY OFFER ONE OF THE BEST OPPORTUNITIES TO THE SALESMAN WHO WISHES TO SELL PRESTIGE-BUILDING SECURITIES THAT WE KNOW OF. In addition, THESE STOCKS ARE TRADED OVER THE COUNTER. Look at them—notice their long records of continuous dividend payments, their bright outlook today, their still reasonable prices in comparison with many other railroad securities—THEN REMEMBER THAT YOU CAN SAY TO YOUR PROSPECT: **"Here is a dividend that is guaranteed by the New York Central, or the READING, etc., etc."** This is material for a sales campaign IF YOU WANT TO OFFER SECURITIES THAT PEOPLE KNOW ABOUT—BESIDES, THE RAILS ARE IN FAVOR NOW, WITH BOTH INVESTORS AS WELL AS SPECULATORS.

Here is a combination of "Big Name" securities, attractive yields, favorable market position, and in addition, THE PUBLIC IS IN A RECEPTIVE MOOD TOWARD RAILROAD SECURITIES NOW! A sales campaign based upon the offering of a GUARANTEED RAIL that you believe to be attractive today SHOULD BRING RESULTS.

This announcement appears as a matter of record only and is under no circumstances to be construed as an offering of these Bonds for sale or as a solicitation of an offer to buy any of such Bonds. The offer is made only by the Prospectus.

NEW ISSUE

$38,000,000

Public Service Company of Indiana, Inc.

First Mortgage Bonds, Series E, 3¼%, due May 1, 1973

Dated May 1, 1943 Due May 1, 1973

PRICE 102⅜% AND ACCRUED INTEREST

Copies of the Prospectus may be obtained in any State from only such dealers participating in this issue as may legally offer these Bonds under the securities laws of such State.

Kuhn, Loeb & Co.
Harriman Ripley & Co. Incorporated
Blyth & Co., Inc.
The First Boston Corporation
Mellon Securities Corporation
Drexel & Co.
Goldman, Sachs & Co.
Kidder, Peabody & Co.
Eastman, Dillon & Co.
Spencer Trask & Co.
A. G. Becker & Co. Incorporated
Dominick & Dominick
W. E. Hutton & Co.
L. F. Rothschild & Co.

New York, May 13, 1943.

Royal Bank of Scotland
Incorporated by Royal Charter 1727

HEAD OFFICE—Edinburgh
Branches throughout Scotland

LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS
£98,263,226

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand

BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital	£8,780,000
Reserve Fund	6,150,000
Reserve Liability of Prop.	8,780,000
	£23,710,000

Aggregate Assets 30th Sept., 1941 £150,939,354

SIR ALFRED DAVIDSON, K.B.E.,
General Manager

Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea and London, it offers the most complete and efficient banking service to investors traders and travellers interested in these countries.

LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1

Agency arrangements with Banks throughout the U. S. A.

NATIONAL BANK of EGYPT

Head Office Cairo
Commercial Register No. 1 Cairo

FULLY PAID CAPITAL . £3,000,000
RESERVE FUND £3,000,000

LONDON AGENCY
6 and 7 King William Street, E. C.

Branches in all the principal Towns in
EGYPT and the SUDAN

NATIONAL BANK of INDIA, LIMITED

Bankers to the Government in Kenya Colony and Uganda

Head Office: 26, Bishopsgate, London, E. C.

Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar

Subscribed Capital £4,000,000
Paid-Up Capital £2,000,000
Reserve Fund £2,200,000

The Bank conducts every description of banking and exchange business

Trusteeships and Executorships also undertaken

An Arsenal In Wartime; Great Industry In Peace

The Railroad Equipment industry is an arsenal in wartime and a great industry in peace, and its securities offer interesting possibilities according to a study of the industry and the Railroad Equipment Series of New York Stocks, Inc., being distributed by Hugh W. Long & Company, Inc., 15 Exchange Place, Jersey City, N. J. Copies of this interesting study may be had from Hugh W. Long & Co. upon request.

Cytryn Now A Partner In E. F. Waterbury Co.

Edward Cytryn has been admitted to partnership with Edward F. Waterbury in E. F. Waterbury & Co., 60 Broad Street, New York City.

DIVIDEND NOTICES

CHRYSLER DODGE **Chrysler Corporation** DE SOTO PLYMOUTH

NOW MAKING WAR PRODUCTS

DIVIDEND ON COMMON STOCK

The directors of Chrysler Corporation have declared a dividend of seventy-five cents ($.75) per share on the outstanding common stock, payable June 14, 1943, to stockholders of record at the close of business May 20, 1943.

B. E. HUTCHINSON
Chairman, Finance Committee

ALLIS-CHALMERS MFG. CO.
COMMON DIVIDEND NO. 76

A dividend of twenty-five cents ($0.25) per share on the common stock, without par value, of this Company has been declared, payable June 30, 1943, to stockholders of record at the close of business June 10, 1943. Transfer books will not be closed. Checks will be mailed.

W. E. HAWKINSON,
May 6, 1943. Secretary-Treasurer.

Spencer Kellogg & Sons, Inc.

A quarterly dividend of $0.40 per share has been declared on the stock, payable June 10, 1943, to Stockholders of record as of the close of business May 22, 1943.

JAMES L. WICKSTEAD, Treasurer

Magma Copper Company
Dividend No. 83

On May 12, 1943, a dividend of Twenty-five Cents per share was declared on the capital stock of Magma Copper Company, payable June 15, 1943, to stockholders of record at the close of business May 28, 1943.

H. E. DODGE, *Treasurer.*

Newmont Mining Corporation
Dividend No. 59

On May 12, 1943, a dividend of 37½ cents per share was declared on the capital stock of Newmont Mining Corporation, payable June 15, 1943 to stockholders of record at the close of business May 28, 1943.

H. E. DODGE, *Treasurer.*

The New York Central Railroad Co.

New York, May 12, 1943.

A Dividend of Fifty Cents (50¢) per share on the capital stock of this Company has been declared payable July 15, 1943, at the Office of the Treasurer, 466 Lexington Avenue, New York, to stockholders of record at the close of business June 11, 1943.

R. P. AHRENS, Treasurer.

UGI

The current quarterly dividend of $1.25 a share on $5 Dividend Preferred Stock and a **dividend of 10 cents** a share on Common Stock have been declared, payable June 30, 1943, to respective holders of record May 28, 1943.

THE UNITED GAS IMPROVEMENT CO.
I. W. MORRIS, Treasurer
April 27, 1943 Philadelphia, Pa.

Kuhn Loeb Group Offers Public Service of Indiana Bonds

A large banking group headed by Kuhn, Loeb & Co., New York, is today offering for public subscription an issue of $38,000,000 Public Service Company of Indiana, Inc. 3¼% series E first mortgage bonds, due May 1, 1973 and priced at 102⅜ and accrued interest. Preliminary interest in the offering indicated that the issue would be quickly absorbed. Proceeds of the financing will be applied by the company toward the redemption of an equivalent amount of 4% series A first mortgage bonds which have a maturity date of Sept. 1, 1969. Redemption price of latter is 106.25.

Gersten Heads New York State Bankers Group

(Continued from first page)

tion of the war. According to Harold Marshall, the Association's Secretary, efforts that would normally have gone into planning and staging a convention have been devoted to research into wartime banking problems and the publication of reports based upon research findings. Mr. Marshall said:

"It is the belief of our state banking leaders that the average bank will receive more benefit from this type of activity than from any amount of oratory, golfing and other features traditionally associated with a trade convention. Hence our efforts have been directed along lines which we believe will help bankers perform wartime duties effectively in the face of almost paralyzing shortages of manpower and equipment.

C. George Niebank

E. Burnham Guild

Joseph A. Broderick

John P. Myers

Theodore Rokahr

Robert A. Barnet

Andrew Wilson, Jr.

Perrin L. Babcock

Harold J. Marshall

"Some of banking's wartime jobs include financing the war effort through bank purchases and sales to customers of Government securities, providing credit for agriculture and war industry, handling, auditing and clearing ration coupons, and at the same time servicing an unprecedented volume of new deposits created by the geared-up economy of the nation at war."

Research projects carried on by the Association during the past twelve months include a manpower survey which indicated that the banks have replaced 6,000 men lost to the armed forces with women officers and employees, studies of thrift account interest computation methods, agricultural credit, war industry financing, publicity and public relations, banking service charges, competing credit agencies, government financing, economic stabilization and the examination of banks by directors' committees.

In addition to electing regular officers, the member banks during the week of May 3 balloted for officers to represent the New York State banks in the American Bankers Association. The result of this ballot, also conducted through the mail, was the unanimous election of a group of nominees which included the following:

Two members of the executive committee of the A.B.A. for term of three years—Perrin L. Babcock, Vice President, Onondaga County Savings Bank, Syracuse, and John P. Myers, President, Plattsburg National Bank and Trust Co., Plattsburg.

For member and alternate for nominating committee of ABA for terms of one year—member: H. C. Brown, President, First National Bank, Glens Falls, and alternate: Joseph A. Broderick, President, East River Savings Bank, New York City.

For State Vice-President of the Savings Division of the ABA for term of one year — Robert A. Barnet, President, Irving Savings Bank, New York City.

For State Vice-President of the National Bank Division of the ABA for term of one year—Henry B. Kingman, Vice-President, Merchants National Bank, Dunkirk.

For State Vice-President of the State Bank Division of the ABA for term of one year—Theodore Rokahr, Vice-President and Treasurer, First Bank and Trust Co., Utica.

For State Vice-President of the Trust Division of the ABA for term of one year—Andrew Wilson, Jr., President, County Trust Co., White Plains.

Mr. Gersten, the new President of the State Bankers Association, is a native of New York City and was educated in New York public schools. He started his banking career in 1910 with the National Bank of Commerce and worked in practically every department of the bank. Mr. Gersten was appointed Assistant Cashier in 1919, Second Vice-President in 1924, Vice-President, 1926, which position he held at the time he resigned at the end of 1928 to assume the presidency of the Public National Bank and Trust Co. in January, 1929.

The State Bankers Association's annual convention was indefinitely postponed in order to prevent encroachment upon transportation facilities needed in the prosecution of the war and to conserve manpower in the banks which are actively engaged in selling government securities, financing war time industry and agriculture, handling the counting and clearing of ration coupons, and otherwise aiding the war effort, in the face of growing shortages of trained personnel.

Offer Common Stock Purchase Warrants of International Minerals

Hornblower & Weeks and Hallgarten & Co. are offering today, at $10 per warrant, 150,000 stock purchase warrants for purchase of common stock of International Minerals & Chemical Corp. The warrants entitle the holders to purchase a like number of common shares at $8.125 per share at any time until Feb. 1, 1947.

International Minerals & Chemical Corp., since its organization in 1909, has been engaged in the mining and sale of phosphate rock and preparation and sale of complete or mixed fertilizers. In 1936 the company widened the scope of its business by participating in the development of a potash mining enterprise which was merged with the company in 1942.

Recent progress in the company's diversification program is revealed by the registration statement, which discloses that production has just commenced at the new potassium chlorate plant at Columbia Park, near Cincinnati. The potassium salts for this plant will come from the company's mining operation in New Mexico and, when equipment again becomes available, plants for producing other potassium chemicals are contemplated on the Columbia Park site.

The opening of the potassium chlorate plant follows by about a month commencement of production of epsom salt and silica gel at a plant in Augusta, Ga. Effective Nov. 30, 1942, the company acquired as a going business Amino Products Co., one of two commercial producers in this country of a vegetable protein derivative in demand by makers of liquid and dehydrated soups and by the Army for one of its rations as an ingredient to enhance taste. Another recent addition to the company's products is a defluorinated phosphate cattle feed material, the essential raw material for which comes from its phosphate rock operations. Due to the food shortage situation, the company states that demand upon it for fertilizer currently is in excess of its production.

The company will not receive any of the proceeds from the sale of the stock purchase warrants which are already outstanding.

Says Keynes And Morgenthau Plans Would Create Super-National Brain Trust

(Continued from page 1755)

plans are in essence the same. Each would create a great international bank to deal with the central banks or treasuries of stabilization funds of the various governments of the world. The resources of the international bank would be in both cases drawn primarily from the treasuries or stabilization funds or central banks of the countries financially strong (which means chiefly the United States), and these resources would be used in supporting the currencies of the weak and debtor countries in foreign exchange markets.

"Both plans set up a supernational Brain Trust which is to think for the world and to tell the governments of the world what to do. The Morgenthau plan contains some safeguards for the United States not contained in the Keynes plan, including a veto on certain points, but the Morgenthau plan makes it the obligation of member countries 'to adopt appropriate legislation or decrees to carry out its undertakings to the fund and to facilitate the activities of the fund,' which would mean that the international bank could tell the Congress of the United States what to do and that the Congress would be obliged to do it. With respect to this provision, there is no veto on the part of the United States.

"What are the purposes of this elaborate super-national machinery? Why did we never have it before? I may say that there are hidden purposes in the proposals, purposes clear enough in the minds of the authors of the Keynes plan, though I am not sure that they are understood by the authors of the American plan. Both the plans are British plans in my opinion. Both grow out of long trends in Keynesian thinking and in British monetary policy.

"The avowed purpose, as distinguished from the hidden purposes of the plans, is the stabilization of the foreign exchange rates at the end of the war so that exports to Continental Europe may not be hampered by the weakness of the Continental currencies. Obviously, foreign exchange stabilization is a desirable thing if we can get it in a sound way without creating worse evils. But instability of a weak currency in the foreign exchanges is merely a symptom of an underlying financial disease, and to peg the foreign exchange rate without correcting the fundamentals is merely to mask the symptom and to let the disease grow worse.

"The Keynes and Morgenthau plans propose in substance a pooling of the financial resources of the different countries of the world so that all of them appear strong. All moneys, good, bad and hopeless, look the foreign exchange market level in the eye. Bad money becomes as good as good money, and, if the process is continued, good money becomes as bad as bad money.

"Similar proposals were made in 1921. But we had in 1921 a vivid memory of a futile and harmful application of the Keynes-Morgenthau idea. We had seen a great post-war boom based on the pegging of foreign exchange and on the artificial support of foreign exchange, and we had seen the great crisis of 1920-21 following the collapse of that needless post-war boom.

"Following the Armistice our Government loaned our European Allies nearly three billion dollars, which was used in pegging and supporting the foreign exchange rates.

"Europe needed help. It needed loans from outside, but it did not need three billion dollars from our Government. Very much smaller sums properly used would have solved the problem, had they been conditioned on drastic internal financial reforms. Two hundred million dollars, loaned to Germany in 1924, after the mark had fallen to a trillion to one, accompanied by drastic internal reforms and a measure of foreign supervision, set Germany on the upward path again under the Dawes Plan. Very much smaller loans, accompanied by drastic internal reforms and foreign supervision, straightened out Hungary in 1925 and Poland in 1927. But when we gave them the money without strings, after the Armistice, and they used it for supporting the foreign exchanges, the Continental European Finance Ministers continued to drift, refrained from taxing, refrained from balancing their budgets, borrowed banknotes from their central banks, refrained from controlling their money markets and took the easy way. The three billions did no lasting good.

"A shortlived reaction which followed the Armistice was turned into a strong boom by our Government's continued loans to Europe. Our exports to Europe continued on a great scale. We had an export surplus of 410 million dollars in January, 1919. In June, 1919, we had an export surplus of 625 million dollars of which nearly 600 million was with Europe. Our markets continued to be drained of goods. Our commodity prices rose. We went into our violent post-war boom of 1919-20, and our violent crisis of 1920-21. Had we taken our licking following the Armistice, when everybody was braced for it, we should have had no such severe shock as we went through in late 1920 and the first eight months of 1921. This boom and crisis were due precisely to what the Keynes-Morgenthau plans propose to repeat, the artificial support of foreign exchanges without the correction of the fundamentals.

"When our Government ceased making loans, at the end of June, 1919, the exchanges weakened further, but the striking thing was that sterling went down with the rest. England was balancing her budget and straightening out her finances, and it was anomalous that sterling should have fallen along with francs and lire and drachmae. The explanation was that England interposed her great credit and financial prestige between us and the Continent. She was buying here in great quantities, giving us her sterling and dollar obligations and reselling on the Continent for francs, lire and drachmae. She, too, had a great boom, and for a time great paper profits. She had ultimately great losses on these transactions.

"One of Lord Keynes's hidden purposes grows, I think, out of his recollection of this episode. Section 14 of the Keynes plan says, 'This would give everyone the great asset of multilateral clearings, whereby (for example) Great Britain could offset favorable balances arising out of her exports to Europe against unfavorable balances due to the United States. . . . How, indeed, can any country hope to start up trade with Europe during the relief and reconstruction period on any other terms?'

"It would, indeed, have been very nice for England if the proposed Keynes or Morgenthau arrangements had been in existence during the boom of 1919-20, if there had been an international fund into which she could have poured the francs and the life and the drachmae as constituting liquidation in full of her dollar and sterling obligations to the United States. Then she would have had her profits clear of risk —so long as she took pains to remain net debtor to the deteriorating international fund. But we should have been net creditor, and it would not have been good for us.

"The attitude of the Morgenthau and Keynes plans toward 'abnormal war balances' is a very discreditable one. By what right can we refuse to give back to the outside world the gold which they have sent here for safety and which they have every right to demand back? By what right can England refuse to honor the sterling balances of the Scandinavian banks which have trusted her, or withhold the gold of the National Bank of Norway which is supposed to have come to England when the Germans invaded that county? By what right can England hope after the war to continue to freeze funds owned by the Dominions in the sterling bloc or by India?

"If England cannot pay, let her say so frankly, beg the indulgence of her creditors, and do the best she can. She will find a sympathetic financial world which believes in her long-run future and which will make concessions, and extend financial aid. But let us not create a great international financial mechanism, under which the United States and a few other financially strong countries find this burden unloaded on them."

Investment Trusts

(Continued from page 1760)

rose from $7.18 to $9.76, or approximately 36%.

National Bond & Share Corp.—Net assets on March 31, 1943, totalled $8,254,864, equivalent to $22.93 per share. This compares with a net asset value of $20.19 per share on Dec. 31, 1942, and $18.06 per share on March 31, 1942.

New England Fund—Net assets amounted to $2,983,906 on March 31, 1943. This was equivalent to $11.93 per share compared with net asset value of $10.17 per share on Dec. 31, 1942.

George Putnam Fund—Net assets on March 31, 1943 totaled $7,112,000, and net asset value per share was $12.73 as against $10.99 on Dec. 31, 1942, and $10.29 a year ago.

Wellington Fund, Inc.—Net assets on March 31, 1943, totalled $8,967,414, or $15.74 per share compared with $5,352,723, or $11.97 per share a year earlier.

This is under no circumstances to be construed as an offering of this Stock for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Stock. The offer is made only by means of the Prospectus.

242,664 Shares

HOUSTON LIGHTING & POWER COMPANY

Common Stock

Price $54 per share

Copies of the Prospectus may be obtained from only such of the undersigned as may legally offer this Stock in compliance with the securities laws of the respective States.

SMITH, BARNEY & CO. LAZARD FRERES & CO. BLYTH & CO., INC.

GOLDMAN, SACHS & CO. HARRIMAN RIPLEY & CO. Incorporated KIDDER, PEABODY & CO.

LEHMAN BROTHERS MELLON SECURITIES CORPORATION STONE & WEBSTER AND BLODGET Incorporated

UNION SECURITIES CORPORATION MERRILL LYNCH, PIERCE, FENNER & BEANE

GLORE, FORGAN & CO. LEE HIGGINSON CORPORATION SPENCER TRASK & CO.

May 12, 1943.

Discusses Treasury's Plan For Stabilization Of World Currencies

(Continued from page 1756)

they propose to achieve stabilization of currencies in the dynamic days to come? The very word stabilization has a static connotation ill-attuned to our times, and it were certainly less pretentious but more convincing to offer us a plan designed to achieve comparative stability. In this connection the British plan is the less ambitious and the more elastic. It is no cut and dry proposal; rather it is a sort of trial balloon, a challenge for the production of something better which it will certainly evoke. By comparison our own plan is marked by completeness and finality. **But both are managed currency plans and as such dangerous in the extreme.**

Boiled down to its essentials, the American plan is an invitation to all who would participate in it to aid and abet us in the perpetuation of a great blunder and to make of that blunder the very cornerstone of the future international monetary structure.

It would create the "Unitas" as the international exchange medium; it would tie the "Unitas" to gold at $35 per ounce and, by asking other nations to link their own currency units to the "Unitas," it would invite them to barter real values in the form of goods and services for extrinsic values in the form of gold on an arbitrary price basis of our own fixing. They could not do otherwise in their attempt to create the reserves of "Unitas" suggested in the plan.

Needless to say that this they will never accept; for the yellow metal hasn't the same fascination for them as it seems to have for the authors of our Treasury's plan. They know that gold's value is purely extrinsic, and that unless, by common consent, it is endowed with a utility which it doesn't otherwise possess, the yellow metal degenerates to the position of a doubtful luxury—and so they do without it.

When in 1934 we raised the price of gold by some 70%, we acted independently. We consulted no one. The absurdity of our act was such as to render it difficult for any nation, however willing, permanently to return to a gold basis. Even the chief gold producing countries continued the regime of managed currency, as witness South Africa, Canada, Australia, Mexico and Peru. They treated gold as a commodity to be exploited for profit, exported at a fancy price, but much too expensive for home consumption. That is the position of gold today, and America is "holding the bag." In this awkward business, America has a silent partner.

There is as much gold buried and unmined in South Africa as there is buried and refined in Fort Knox. The world's two great reserves, of which Britain and America are the trustees as well as the owners, call to them for some action which will rescue gold from sterility. Some action which, price-wise, will place these reserves within the reach of those nations who, alone by their cooperation, can restore to gold its former utility. Are Britain and America ready to make that sacrifice? Will they willingly contribute to peace a fraction of what they are compelled to spend for war? Time will tell. In the meantime, the American Treasury's plan points in the wrong direction.

We have been living in an era characterized by a growing mania for currency management and, like opium, currency management is habit-forming. Peculiar of opiates is that their dosage must ever be increased. This seems equally true of managed currency; else how explain the attempt to widen its scope by extending to the international field a system which had so dismally failed in the narrower confines of national affairs. Times must indeed have changed if "nothing succeeds like failure."

And so it is high time that we called a halt and returned to sounder principles. Be it remembered that the true function of government is to coin and **regulate, not manage, money;** for management, as distinct from regulation, is a continuous process which no money system can withstand.

The sooner we put hard money back into the hands of all peoples, the better will be our chances for monetary stability, because an ounce of gold or an ounce of silver still weighs 480 grains on either side of any frontier, and is thus amenable to regulation. This is not true of paper or alloys, whose values are subject to fluctuations once they cross the boundary lines because they merely represent the credit of the issuer and, therefore, must always be managed. Moreover, whereas hard money is in itself actual payment, paper merely postpones ultimate payment. But hard money must be economically priced to be freely acceptable and to furnish to regulation the indispensable limitations of production. For if it takes $12 to $15 to produce an ounce of gold, it doesn't make sense to ask people to barter for it $35 in goods and services. Nor will the community willingly labor for the sole benefit of the owners and producers of gold. They rightfully demand equality of treatment for all producers, with special shelter and subsidy to none.

In justification of the $35 per ounce price for gold some point to the premium over that price now being paid in certain markets. But they ignore the purely artificial scarcity of the metal, now surrounded by restrictions of every kind. They also overlook the fact that this premium is being paid with paper money which the buyers of gold distrust. Instead of a shortage there is a superabundance of gold, as evidenced by the figures of recent production. But the metal is sterilized as rapidly as it is produced—hence its seeming scarcity. Were gold, like silver, to be demonetized, it would flood the markets like a tidal wave and soon be priced well below the cost of its production; for, unlike silver's, gold's commercial utility is very limited.

And so it looks as though our Treasury had made a false start. But of that we needn't despair; on the contrary, the very fact that stabilization of currencies is being widely discussed is good reason for hope. An additional cause for optimism is the recent refusal by Congress to extend the Administration's power to raise still further the price of gold. That in the light of past experience the request should have been made at all passes all comprehension and readily points to the inspiration of the Treasury's proposal for currency stabilization. It is that Midas-like concept, the delusion that magic resides in dead metal, which we must at all cost dispel for the sake of progress. Else we bar access to one of the four precious freedoms we have proclaimed by forcing worship of the Golden Calf. For unless we endow gold with real utility by monetizing it wisely, we shall be left with a large yellow pile, still heavy, still ductile, but quite useless. Devoid of monetary stability, trade will languish, unemployment will spread, and the road will be paved over which future oppressors will march all over again.

But if we act wisely, recent history will not repeat itself.

Municipal News & Notes

Net funded debt of the City of Philadelphia has been reduced more than $95,000,000 during the past 10 years and is today smaller than it has been at any time since 1927, Adgar W. Baird Jr., City Treasurer of Philadelphia, stated recently in a luncheon address before the Bond Club of Philadelphia. There will be further reductions during 1944-45-46 by an amount in excess of $30,000,000, he said.

The debt reduction to date was accomplished largely during a period of great financial hardships and without forced refunding or extension of the city's obligations, he declared.

"From the figures I have just cited you can appreciate the fact that Philadelphia has put its financial house in good order," the City Treasurer stated. "Our current operating position is excellent and as time goes on our balance sheet should, under normal conditions, continue to steadily improve."

The city's cash balance stood on April 30 at about $34,000,000—a greater sum of money than the city has even before had on deposit, Mr. Baird pointed out. "Our revenues this year show every indication of being greater than our budgetary requirements as estimated in December, 1942. Even considering the steadily increasing costs of materials and the probable demand for new services, all indications point to the fact that Philadelphia will complete the year 1943 with a net surplus."

Alabama Legislature Approves Bridge Refunding

Both branches of the Alabama Legislature have approved bills authorizing the creation of the State Bridge Finance Corporation and empowering it to refund the approximately $4,365,500 of outstanding bonds of the Alabama Bridge Corporation and the Alabama Bridge Authority. The legislation provides for dissolution of the latter two agencies. Sponsors of the measures expect that the existing 4% indebtedness can be refunded through the new agency at about 1½%.

Chicago Area Debtors Cut 1942 Debts By $24,500,000

The six major governmental units in the Chicago area reduced their aggregate indebtedness by approximately $24,549,000 in the 12 months ended March 31, according to a recent analysis of their quarterly financial statements. Total indebtedness of the six units on March 31 was $438,781,000, which compared with $463,330,000 a year earlier.

Total indebtedness at the close of 1942 was $407,837,000, some $31,000,000 higher than the March 31 figure, but this increase reflected the sale of 1943 tax anticipation warrants.

Net bonded debt of the six units declined to $293,567,000 on March 31 from $321,269,000 a year earlier, a reduction of $27,702,000. Redemptions by the City of Chicago and the Sanitary District of Chicago figured prominently in this decline. The city cut its net bonded debt to $58,755,000 from $67,152,000 a year ago, and bonded indebtedness of the sanitary district receded to $102,995,000 from $110,688,000.

All of the six units had lower net bonded debt totals than a year ago. The Chicago Park District lowered its total by more than $6,000,000 to $72,480,000 from $78,551,000. Smaller reductions were reported by Cook County, the board of education, and the Forest Preserve District.

Floating debt of the taxing units, which includes such items as unpaid bills, salaries and judgments, declined $5,283,000, aggregating $20,605,000 and comparing with $25,888,000 on March 31, 1942. The city cut its floating debt almost in half to make the decline in the aggregate possible. Floating debt of the municipality amounted to $7,974,000, of which $3,093,479 was represented by unpaid bills and payrolls, and the balance by judgments. Last year's figure of $15,450,000 included $8,228,040 in unpaid bills and payrolls.

Two other of the governmental units, the Forest Preserve District and the Sanitary District, were able to report reductions in their floating debt structures. The three other units reported increases, with the totals of the park district and the county each rising more than $1,000,000.

The park district, on the other hand, was the only one of the six that had a smaller amount of tax anticipation warrants outstanding than last year. The park district's total declined to $7,874,000 from $8,605,000. The largest increase was shown in statement of the county, whose total advanced to $10,370,000 from $6,580,000.

Says Long War Will Require Local Economy

Municipalities have the prospect of obtaining higher, or at least stabilized, real estate tax revenues for the time being, in the opinion of Edwin H. Spengler, of the department of economics of Brooklyn College. He made this statement in a discussion of the effect of the war on property tax collections in a book published by the Tax Institute of Philadelphia.

"Should the war be a long one, the added Federal income and excise taxes, bond sales, and rising costs of living might result in such a heavy drain on the taxpayers' purses as to force local governments into a drastic policy of retrenchment because of lack of revenue," Mr. Spengler wrote.

Major Sales Scheduled

The calendar of pending bond awards of $500,000 or more is currently restricted to the $2,700,000 State of Minnesota rural credit deficiency fund certificates of indebtedness, for which bids will be received until June 2. The issue matures semi-annually from July 1, 1951 to Jan. 1, 1953. At the previous sale of similar obligations the successful bidder was a syndicate headed by the Wells-Dickey Co. of Minneapolis, and the second high offer was made by the National City Bank of New York and associates.

Bolivia's Good Neighbor

(Continued from page 1755)

sold to the public at 98½ early in 1927. It was not customary at that time for underwriters to make known their commission, but the President says that the borrower received 92% of the face amount of the obligation, in which case the "spread" was 6½ points.

How the President found an 8% commission in this deal, the reader must determine for himself. It is beyond us. He may have obtained something approaching an 8% rate by applying the coupon rate of 7% to the 92% of the face value of the loan, which he says is all that the borrower received, and adding the amount required annually during the life of the bond to amortize the discount. Even such procedure, which would certainly be somewhat unusual in such a case, and would morover have included the cost of the commission of which the President complains, would leave the rate a substantial fraction below 8%—but perhaps close enough according to New Deal standards.

Neither the President nor his New Deal associates have ever shown any understanding of the fact that a borrower, unless he is so fortunate (or unfortunate) as to have an addled-pated "gold daddy" to supply his needs for reasons which do not ordinarily enter into a business transaction, must pay the price fixed by the market, but this failure of understanding does not alter the fact in the slightest. Ordinarily two factors enter into the determination of the price the borrower must pay. One is the general level of interest rates ruling at the time; the other is the status of the borrower in the market.

If such mundane considerations held any interest for the President, a little inquiry would have revealed that at the time these bonds were offered in this market the Federal Reserve discount rate was 4%; that the official call money rate was 4%; the very best grade corporation bonds were yielding upwards of 4.25% at market prices; many high grade corporate bonds were yielding very nearly 5%; that the Bolivian 8s of 1947, which had been outstanding four or five years, had sold within the year as low as 96½; and that the Bolivian 7s of 1958 (to which the President was presumably referring) sold in the open market one year from the date of their original offering at 95¾. He is apparently aware that all these bonds have been in total default for a dozen years, but would have us believe that the reason is found in the cost of the loan — an explanation no school boy can have the credulity to accept.

From this record it seems obvious to us that if there was any exploitation in this case, the American people, not Bolivia, were the victims. Bolivia at least got 92 cents of each dollar of the face value of the bonds; the lenders got a few years interest on the face value of the bonds and a trifling part of their principal back. The same is true of a good many other loans to Latin America throughout this "interesting era" of which the President speaks. That phase of the matter does not, however, appear to trouble the President a great deal—despite all that he and his associates have said about protecting investors. Latin America is now long of dollars, but there has been no suggestion that any of them be applied to the mountainous debt owed to American investors.

The Administration has, moreover, for a good while past been actively engaged in the same type of exploitation. On June 15, 1942—no later figures have been permitted to reach the public, so far as we are aware—the Export-Import Bank had outstanding some $575,000,000 in loan commitments to various Latin American countries. In addition stabilization loan accommodations to Latin American countries amounted to some $250,000,000 or more. These figures, of course, do not take into account the vast quantities of goods for which in some instances we have no earthly use, the same Administration has bought or agreed to buy from Latin America. Doubtless the rates of interest charged on the loans recently made are lower than 8%, but this lower rate merely serves to enlarge the degree of exploitation of the American people, who would need a large measure of naivete to expect very substantial repayments.

Will the President of Bolivia, or of some of the other Latin American nations, in the 1950's have the grace to apologize for their exploitation of the American people during the 1940's?

Calendar of New Security Flotations

OFFERINGS

HOUSTON LIGHTING & POWER CO.

Houston Lighting & Power Co. has filed a statement with the SEC for 242,664 shares of common stock, without nominal or par value. The stock is already issued and outstanding.

Address—900 Fannin St., Houston, Tex.

Business—Operating public utility.

Offering—Price to the public to be supplied by amendment.

Underwriting—The shares to be offered are owned by National Power & Light Co. Statement which was filed by Houston says that latter has been advised by National that no firm commitment to purchase the securities registered has been made.

Proceeds—Proceeds from sales will go to National Power & Light Co. The proposed sale is part of the program of National to liquidate in compliance with an order of the Securities and Exchange Commission. As part of this program National proposed to divest itself of its entire holdings of Houston common through the exchange of its holdings of Houston common for its own $6 preferred on basis of two shares of Houston common for one share of National preferred. The total amount of Houston common offered was 500,000 shares, of which 257,336 shares were accepted in exchange to Dec. 31, 1942, termination of the offer. The stock being registered represents the balance of National's holdings after the termination of the exchange offer.

Registration Statement No. 2-5117. Form A-2 (3-30-43).

Amendment filed April 16, 1943, to defer effective date.

Bids—National Power & Light Co. on April 28, 1943, asked for bids to be opened May 10, 1943, on 242,664 shares of common stock of Houston Lighting & Power Co. The issue was awarded to a syndicate headed by Smith, Barney & Co. (the only bid submitted) at $51.85 a share.

Registration statement effective 5:30 p. m. (EWT) on April 26, 1943, as of 5:30 p. m. (EWT) on April 18, 1943.

Offered May 12, 1943, at $54 a share by Smith, Barney & Co. and 68 investment houses throughout the country.

INTERNATIONAL MINERALS & CHEMICAL CORP.

International Minerals & Chemical Corp. has filed a registration statement for 184,861 stock purchase warrants and 184,861 shares of common stock, par value $5 per share.

Address—20 North Wacker Drive, Chic.

Business—Engaged, directly or through subsidiaries, in the mining and sale of phosphate rock and preparation and sale of complete or mixed fertilizers.

Underwriters—Hornblower & Weeks and Hallgarten & Co. may be deemed to be underwriters as defined in the Securities Act of 1933.

Offering—A total of 150,000 stock purchase warrants are to be offered to the public at prices to be fixed by amendment. If the balance of 34,862 stock purchase warrants are offered the terms will be supplied by post-effective amendment. All of the present outstanding stock purchase warrants of the company were originally acquired by the First York Corp. Hornblower & Weeks and Hallgarten & Co. purchased 25,000 of the stock purchase warrants from First York Corp. and have the right to purchase additional warrants.

Proceeds—The company will not receive any of the proceeds of the stock purchase warrants being offered, but will receive $8.125 per share for each share of common stock, if any, sold through exercise of stock purchase warrants. Any proceeds received by the company will be added to the working capital.

Registration Statement No. 2-5124. Form S-1 (4-9-43).

Offered May 13 by Hornblower & Weeks, and Hallgarten & Co., at $10 per warrant.

JOHN MORRELL & CO.

John Morrell & Co. have filed a registration statement for $7,500,000 15-year debentures, due May 1, 1958. The interest rate will be supplied by amendment.

Address—Ottumwa, Iowa.

Business—Engaged in the meat packing and provision business.

Underwriting—A. G. Becker & Co., Inc., Chicago; The First Boston Corp.; Lehman Brothers; Smith, Barney & Co.; Hallgarten & Co.; Ladenburg, Thalmann & Co.; Merrill Lynch, Pierce, Fenner & Beane, New York; Central Republic Co.; Harris, Hall & Co., Inc.; Lee Higginson Corp., Chicago; The Wisconsin Co., Milwaukee, and Kuhn, Loeb Co., New York.

Offering—Price to the public to be furnished by amendment.

Proceeds—Net proceeds will be used to prepay the 1¾% note, due 1944, in the face amount of $2,500,000, and to prepay the 2% notes, maturing serially to 1948, in the face amount of $2,850,000, requiring in the aggregate for such prepayments, exclusive of interest, the sum of $5,384,750. The remainder of net proceeds will be used by the company to carry additional receivables and inventories and larger bank balances, to reduce the necessity for current borrowings, and to pay current liabilities.

Registration Statement No. 2-5132. Form A-2 (4-28-43).

In an amendment to its registration statement dated May 11, John Morrell & Co. fixed the interest rate on its proposed issue of $7,500,000 of 15-year debentures at 3%, and the offering price to the public at 99 plus accrued interest from May 1, 1943, to date of delivery.

The underwriters with the amounts which they have agreed to purchase are given as follows: A. G. Becker & Co., Inc., Chicago, $1,500,000; First Boston Corp., New York, $750,000; Lehman Brothers, New York, $750,000; Smith, Barney & Co., New York, $750,000; Hallgarten & Co., New York, $500,000; Ladenburg, Thalmann & Co., New York, $500,000; Merrill Lynch, Pierce, Fenner & Beane, New York, $500,000; Central Republic Co., Inc., Chicago, $400,000; Harris, Hall & Co., Inc., Chicago, $400,000; Lee Higginson Corp., Chicago, $275,000; Wisconsin Company, Milwaukee, $275,000, and Kuhn, Loeb & Co., New York, $900,000.

Offered May 12, 1943, by A. G. Becker & Co. and associates at 99 and interest.

PUBLIC SERVICE CO. OF INDIANA, INC.

Public Service Co. of Indiana, Inc., has filed a registration statement for $38,000,000 first mortgage bonds, series E, 3¼%, due May 1, 1973.

Address—110 North Illinois Street, Indianapolis, Ind.

Business—Public utility operating in the State of Indiana and is engaged principally in the production, generation, manufacture, purchase, transmission, supply, distribution and sale of electric energy and gas, and in the supply, distribution and sale of water.

Offering—Bonds to be offered for sale at competitive bidding under Rule U-50 of the Commission. Price to the public will be supplied by post-effective amendment.

Underwriters—Names of underwriters and amounts of underwriting will be supplied by post-effective amendment.

Proceeds—To be applied toward the redemption, within 40 days after the issuance and sale of series E bonds, of $38,000,000 face amount of Public Service Co. of Indiana, first mortgage bonds, series A, 4%, due Sept. 1, 1969, at 106¼% of the face amount which will require $40,375,000, exclusive of accrued interest and expenses. Any additional moneys will be paid out of other funds in the company's treasury.

Registration Statement No. 2-5123. Form A-2 (4-7-43).

Registration statement effective 3 p. m. (EWT) on May 28, 1943.

Awarded May 10, 1943, to a syndicate headed by Kuhn, Loeb & Co. and associate, on bid of 101.0969.

Offered May 13 by Kuhn Loeb & Co. and associates at 102⅜% and interest.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930(b).

Offerings will rarely be made before the day following.

SUNDAY, MAY 16

TRUST FUNDS, INC.

Trust Funds, Inc., has filed a registration statement for 2,500 certificates of Commonwealth Fund, Indentures of Trust Plans A and B.

Address—30 Congress St., Boston, Mass.

Business—Investment trust.

Underwriting—Trust Funds, Inc., is named sponsor.

Offering — Aggregate offering price is given as $3,000,000. Proposed public offering is on date registration becomes effective.

Proceeds—For investment.

Registration Statement No. 2-5131. Form C-1 (4-27-43).

MONDAY, MAY 17

GOLDBLATT BROS., INC.

Goldblatt Bros., Inc., has filed a registration statement for 9,000 memberships in the Savings and Profit Sharing Plan of Goldblatt Bros., Inc., and 150,000 shares of common capital stock of Goldblatt Bros., Inc., par value $8 per share.

Address—333 South State Street, Chicago, Ill.

Business—Principal business of company and its subsidiaries is the sale of a wide line of general merchandise in a number of retail stores.

Purpose—The 9,000 memberships in the savings and profit sharing plan represent the maximum estimated number of memberships which have been and which may be offered to employees of Goldblatt Bros., Inc., during the 12 months following the effective date of the registration statement, upon their becoming eligible for membership in accordance with the rules of the plan. The 150,000 shares of common capital stock of Goldblatt Bros., Inc., which are registered, represent the maximum of shares which, it is anticipated may be purchased by the plan for its members during said period in accordance with the rules of the plan.

Registration Statement No. 2-5133. Form A-2 (4-28-43).

TUESDAY, MAY 18

ARMOUR & CO OF DELEWARE

Armour & Co. of Delaware has filed a registration statement for $35,000,000 35-year 7% cumulative income debentures, due April 1, 1978.

Address—43rd Street and Racine Ave., Union Stock Yards, Chicago, Ill.

Business—Engaged in meat packing business, operating packing plants in North and South America for the slaugther of livestock and the processing of meats and animal products and for by-products. In conjunction with their meat packing operations, company and subsidiaries manufacture butter and cheese and various other products.

Underwriting—Kuhn, Loeb & Co., New York, head the underwriting group. Others to be supplied by amendment.

Offering—Company offers to the holders of its outstanding 523,581 shares of 7% guaranteed cumulative preferred stock of the par value of $100 per share, the right to exchange such shares for the debentures on the basis of $100 face amount of debentures for each share of preferred stock held, subject, if the total number of shares of preferred stock deposited for exchange would require more than the entire issue of debentures, to allotment of the debentures by the company. The debentures not taken upon the exchange offer have been underwritten and will be offered to the public at a price to be fixed by amendment.

Proceeds—Company intends to apply the net proceeds of the debentures not taken in exchange pursuant to the exchange offer, with any other funds in the treasury which may be necessary, to the redemption of a par amount of 7% guaranteed cumulative preferred stock of the company which, with the shares acquired pursuant to the exchange offer, will retire $35,000,000 par amount of such preferred stock.

Registration Statement No. 2-5134. Form A-2 (4-29-43).

MERCANTILE PROPERTIES, INC.

Mercantile Properties, Inc., has filed a registration statement for $3,100,000 secured sinking fund 4½% bonds due May 1, 1963.

Address—60 Wall Street, New York City.

Business—Owns two commercial buildings in New York City, each of which is rented to F. W. Woolworth Co.

Underwriting — Principal underwriters are Laird, Bissell & Meeds and Spencer Trask & Co., both of New York City.

Offering—Price to the public will be supplied by amendment.

Proceeds—Net proceeds will be used, together with any necessary funds from its treasury, to redeem all of its presents outstanding secured sinking fund 5½% gold bonds in the face amount of $3,031,000.

Registration Statement No. 2-5135. Form S-1 (4-29-43).

MONDAY, MAY 24

WEST INDIES SUGAR CORPORATION

West Indies Sugar Corporation has filed a registration statement for 470,178 shares of common stock, par value $1 per share. The shares are already issued and outstanding.

Address—60 East 42nd St., N. Y. City.

Business—Is a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and black strap molasses in the Dominican Republic and Cuba.

Offering — Price to the public will be supplied by amendment. Statement says that 395,178 of the 470,178 shares registered will be publicly offered as soon as practicable after registration statement becomes effective. The remaining 75,000 shares will be offered within a reasonable time thereafter, but not before July 17, 1943, without the consent of the underwriters of the 395,178 shares. The 395,178 shares being offered initially are shares issued and outstanding, of which 325,000 shares are held by the City Company of New York, Inc., in dissolution; 53,691 shares by the National City Bank of New York, and 16,487 by Avery Rockefeller and the National City Bank of New York as trustees under the will of Percy A. Rockefeller. In addition, the National Cty Bank of New York holds 75,000 shares which it proposes to sell within a reasonable time after the initial offering.

Underwriting — Harriman Ripley & Co., Inc., head the underwriters. Other names will be supplied by amendment.

Proceeds—To the selling stockholders.

Registration Statement No. 2-5136. Form A-2 (5-5-43).

TUESDAY, MAY 25

FLINTKOTE COMPANY

Flintkote Company has filed a registration statement for $3,000,000 15-year 3% debentures due May 15, 1958.

Address—30 Rockefeller Plaza, N. Y. City.

Business — Either directly, or through subsidiaries, is engaged in the manufacture and sale, and in the sale either for its own account or for the account of others, of various asphalt and asbestos-cement roofing and siding products, structural and decorative insulation board products, asphalt emulsions, chipboards and boxboards, solid and corrugated containers, set-up and folding boxes, etc.

Underwriting — Principal underwriters are Lehman Brothers, New York; A. C. Allyn & Co., Inc., Chicago; Bacon, Whipple & Co., Chicago; Bear, Stearns & Co., New York; A. G. Becker & Co., Inc., Chicago; Dominick & Dominick, New York; Graham, Parsons & Co., Phila.; Granbery, Marache & Lord, New York; Hallgarten & Co., New York; Hemphill, Noyes & Co., New York; Hornblower & Weeks, New York; Ladenburg, Thalmann & Co., New York; Laurence M. Marks & Co., New York; Merrill Lynch, Pierce, Fenner & Beane, New York; Paine, Webber, Jackson & Curtis, Boston; L. F. Rothschild & Co., New York; Schoellkopf, Hutton & Pomeroy, Inc., Buffalo; Shields & Co., New York; I. M. Simon & Co., St. Louis; Stroud & Co., Inc., Phila.; Swiss American Corporation, New York, and Wertheim & Co., New York.

Offering — Price to the public will be supplied by amendment.

Proceeds—Will be added to the general funds of the company.

Registration Statement No. 2-5137. Form S-1 (5-6-43).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

BURTONITE CORPORATION

Burtonite Corporation has filed a registration statement for 10,000 shares of 7% preferred stock and 15,000 shares of common, no par.

Address—2500-22 Fisher Street, Fort Worth, Texas.

Business—Manufacture of face brick.

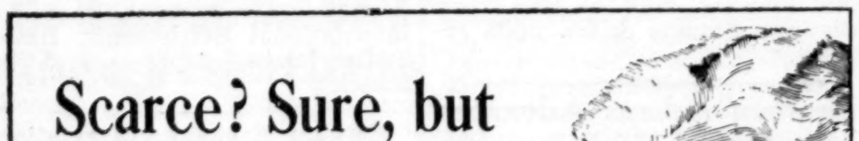
Offering—Present offering consists of 2,000 units, each unit consists of four shares preferred and one share common, price per unit is $10.

Underwriting—None. Distribution is to be made by direct sales by the corporation of its treasury stock.

Proceeds—Expansion of plant facilities, installation of additional equipment and for working capital.

Registration Statement No. 2-5105. Form S-2 (3-5-43).

(This list is incomplete this week)



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Representing the right to purchase 150,000 shares
of Common Stock, not later than February 1, 1947,
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John A. Coleman Elected Chairman Of Board Of Governors of New York Stock Exchange

At the annual election of the New York Stock Exchange, held on May 10, John A. Coleman of Adler, Coleman & Co. was elected Chairman of the Board of Governors for a one-year term. In addition to the election of a new Chairman, the Exchange members elected the regular slate chosen by its Nominating Committee.

Mr. Coleman succeeds Robert L. Stott of Wagner, Stott & Co., who was not a candidate for reelection. Mr. Coleman has been a member of the Stock Exchange since 1924, a Governor since 1928, and Vice-Chairman of the Board since May, 1941.

Following are the names of the other newly-elected officers of the Exchange:

Nine Members of the Board of Governors

Four members of the Exchange residing and having their principal places of business within the metropolitan area of the City of New York:

For the term of one year—Robert P. Boylan, at E. F. Hutton & Co.

For the term of three years—William B. Haffner, Wilcox & Co.; Ernest L. Jones, Mallory, Hollister & Co.; Sylvester P. Larkin, at Peter P. McDermott & Co.

Three allied members of nonmembers residing and having their principal places of business within the metropolitan area of the City of New York, who are general or limited partners in member firms engaged in a business involving direct contact with the public:

For the term of two years—Percy M. Stewart, Kuhn, Loeb & Co.

For the term of three years—Irving D. Fish, Smith, Barney & Co.; John C. Maxwell, Tucker, Anthony & Co.

Two members or allied members or non-members of the Exchange residing and having their principal places of business outside of the metropolitan area of the City of New York, who are general or limited partners in member firms engaged in a business involving direct contact with the public, of whom not less than one is a member of the Exchange:

For the term of three years—H. Prenatt Green, G. H. Walker & Co., St. Louis, Mo.; Edgar Scott, Montgomery, Scott & Co., Philadelphia, Pa.

Two Members of the Gratuity Fund

For the term of three years—Clinton S. Lutkins, R. W. Pressprich & Co.; William D. Scholle, Scholle Brothers.

Five Members of the Nominating Committee

For the term of one year—Three members of the Exchange: Stephen A. Koshland, Carl M. Loeb, Rhoades & Co.; James G. Purcell, Nugent & Igoe; David W. Smyth, Filor, Bullard & Smyth.

Two allied members of the Exchange: F. Edward Bosson, Putnam & Co., Hartford, Conn.; Herbert F. Boynton, F. S. Moseley & Co.

Nomination of these officers was reported in our issue of April 15, page 1381.

Issues Report On Active Foreign Securities

In answer to many requests for comments on market developments in foreign securities or interesting situations in the foreign field, and for quotation lists on "Foreigns," Carl Marks & Co., Inc., 50 Broad Street, New York City, have issued their first periodical report on active foreign securities, giving closing rates at May 1, 1943. The firm analyzed some 1,500 foreign issues in the preparation of this quotation list, and eliminated about three-fourths of these as being of lesser interest. Copies of this interesting report may be had from Carl Marks & Co. upon request.

Situations of Interest

Federal Machine & Welder Co. and Purolator Products, Inc. offer attractive possibilities, according to Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange. Interesting basic reports upon these companies may be had from Reynolds & Co. upon request.

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(Listed New York Curb Exchange)

The preferred has $8.75 dividend accumulations and is presently convertible into 25 shares of common. Net quick assets as of October 31, 1942 equal to more than $50 per share of preferred.

EARNINGS

	12 mos. ended Oct. 31, 1942	3 mos. ended Jan. 31, 1943
Preferred, per share	$6.54	$1.91
Common, per share	.35	.11

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Becker & Co. Offers John Morrell & Co. Deb.

A. G. Becker & Co., Inc., headed an underwriting group which made public offering May 12 of a $7,500,000 new issue of John Morrell & Co. 15-year 3% debentures priced at 99%. This marks the first public financing for the 100-year-old Ottumwa (Iowa) meat-packing firm, which was established in England in 1827 and which first extended operations to the United States in 1865. The founder and his descendants have been in continuous charge of management. In 1929 a block of common stock was publicly offered on behalf of certain stockholders.

In addition to A. G. Becker & Co., Inc., other members of the underwriting group are: Kuhn, Loeb & Co.; The First Boston Corp.; Lehman Brothers; Smith, Barney & Co.; Hallgarten & Co.; Ladenburg, Thalmann & Co.; Merrill Lynch, Pierce, Fenner & Beane; Central Republic Co., Inc.; Harris, Hall & Co., Inc.; Lee Higginson Corp., and The Wisconsin Co.

Of the proceeds of the new issue $5,384,750 will be used to redeem two note issues and the remainder will be used by the company to carry additional receivables and inventories and for other corporate purposes.

Following redemptions described above, the only outstanding debt of the company other than the new issue will be $2,400,000 face amount of 2% notes maturing serially to 1950 and $2,000,000 face amount of 1¾% notes, maturing serially from 1945 to 1948. There are in addition 389,700 outstanding shares of no-par capital stock.

The sinking fund provisions call for retirement of $500,000 each on May 1, 1949 and 1950, and for $800,000 redemptions on May 1 of the years 1951 to 1957, both inclusive. The debentures may be redeemed at the option of the company as a whole or in part on 30 days' notice at the following schedule: To and including May 1, 1945, at 103%; thereafter, to and including May 1, 1948, at 102%; thereafter to and including May 1, 1951, at 101%; thereafter, to and including May 1, 1954, at 100½%, and thereafter at 100%.

New Developments In Lackawanna Leased Lines

The current issue of "Railroad Securities Quotations" being distributed by B. W. Pizzini & Co., 55 Broadway, New York City, discusses recent developments in "Lackawanna" leased line securities particularly affecting stockholders in suggestions presented for adjusting the back income tax debts of the companies. Copies of "Railroad Securities Quotations," which contains guaranteed stock quotations, underlying mortgage railroad bond quotations, reorganization railroad bond quotations, minority stock quotations, and guaranteed telegraph quotations, may be had upon request from B. W. Pizzini & Co.

Clothing Stock Looks Good

An interesting descriptive circular on Fashion Park, Inc., which the firm believes offers attractive possibilities, has been prepared for distribution by Blauner, Simons & Co., 25 Broad Street, New York City, members of the New York Stock Exchange. Copies of this circular may be had from Blauner, Simons & Co. upon request.

Graham Adams Advances

Directors of the National Dehydrators Association have selected Graham Adams as Executive Secretary and General Manager of the Association. Mr. Adams organized the Washington, D. C. office at 815 Bowen Building and has been serving in the capacity of assistant to the President since February 1 of this year.

Florida Bond Quotations

Clyde C. Pierce Corporation, Barnett Building, Jacksonville, Fla., has prepared an interesting circular containing quotations and information on Florida Municipal bonds, and a revised classification and rating of the bonds. Copies of this circular may be had upon request from Clyde C. Pierce Corporation.

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The Business Man's Bookshelf

Comparative Analysis of Leading Oil Companies—E. W. Axe & Co., Inc.—Tarrytown Press, P. O. Box 157, Tarrytown, N. Y.—paper—35c—free to public libraries and non-profit institutions.

American As He Is, The—Nicholas Murray Butler—Charles Scribner's Sons, New York, N. Y.—paper.

Five Commercial Types of Synthetic Rubber, The—A Statement of the over-all synthetic rubber situation prepared for the layman — United States Rubber Company, Synthetic Rubber Division, 1230 Sixth Avenue, New York, N. Y.—paper—free.

Foreign Exchange Regulations for Great Britain—Monetary and Economic Department, Bank for International Settlements, Basle, Switzerland — paper — 9 Swiss francs.

Foreign Exchange Regulations for the Protectorate of Bohemia and Moravia (in German)—Monetary and Economic Department of the Bank for International Settlements, Basle, Switzerland—paper—2 Swiss francs.

Liberty—Equality—Fraternity, Essays and Addresses on the Problems of Today and Tomorrow — Nicholas Murray Butler — Charles Scribner's Sons, New York, N. Y.—cloth $2.50.

Looking Forward Through The Eyes of Research — Charles F. Kettering, Vice-President of General Motors in Charge of Research — paper — Department of Public Relations, General Motors, Detroit, Mich.

Manual Of The St. Louis Stock Exchange for 1943 — St. Louis Stock Exchange, Security Building, St. Louis, Mo.—paper.

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The Commercial and
FINANCIAL CHRONICLE
Reg. U. S. Pat. Office

Volume 157 Number 4176
New York, N. Y., Thursday, May 13, 1943
Price 60 Cents a Copy

The Financial Situation

It is now evident that the arrangement under which the miners went back into the coal pits has settled nothing. Equally plain has it become that this is not, as many suppose and as the Administration would have us believe, merely an isolated case carefully designed by a particularly troublesome labor leader who is bent upon "getting even" with the President of the United States. No one can longer doubt that organized labor generally is spoiling for about the same kind of fight that the coal miners are engaged in, and is being held in check—so far as it is held in check—merely by a desire to avoid the unfavorable publicity that must attend such an effort. The dispassionate observer cannot escape the conclusion, moreover, that the factors which have brought the coal situation to a head are, apart from personal animosities, also responsible for the unrest in the ranks of wage earners elsewhere.

Roosevelt vs. Lewis Not The Issue

So much has been said about the Roosevelt-Lewis feud, and at times the moves and counter-moves of the Administration and Mr. Lewis have so degenerated into showmanship that the public is prone to overlook the underlying factors in this unfortunate situation. The truth is that we have here an impasse which has developed directly and almost inevitably out of the ill-conceived and bungling "economic stabilization" program and its checkered history. It may or may not be true that Mr. Lewis has long been lying in ambush impatiently awaiting the time when he could fire a damaging shot at the President, whom he doubtless cordially hates. If so, however, it must be said that he has been handed his long-awaited opportunity upon a silver platter. To some observers it appears strange that the President should have gone on month after month condoning if not actively approving a policy of "finding excuses" for making exceptions to his wage stabilization order, only to come vigorously and aggressively forward at the precise moment that Mr. Lewis was preparing to present his "excuse" for an exception for the coal miners, but the President was obliged to call a halt somewhere if he was to save even the shadow of his program.

Labor Better Off

Of course it is not true, as labor leaders would have us believe, that the cost of living has risen more rapidly than the actual weekly earnings of the wage earners in this coun-

(Continued on page 1779)

Social Security Can Be Secured, But Only Through Labor: Linton

The labor of men and women, rather than money, will provide real social security, according to M. A. Linton, President of the Provident Mutual Life Insurance Company of Philadelphia, who spoke to the Philadelphia Control of the Controllers Institute of America on the subject of the Beveridge Plan and Social Security in the United States.

M. A. Linton

"There is no doubt that complete social security for everyone—including provision for old age, unemployment, disability and medical care—is a desirable goal," said Mr. Linton. "However, the means of achieving it, and the extent to which governmental compulsion should be employed is a matter for the most careful consideration. As individuals or as a nation, we can have as much protection as we want, provided we are willing to pay the price," he said.

"A complete program, insuring on even a modest basis against the major hazards of life, would cost from 15 to 20% of our payrolls," Mr. Linton continued. "This can be translated into terms of the wealth produced by, say seven hours' work each week. Either we shall have to work more hours to provide comprehensive social security protection or we shall have to give up some of the goods and services that now combine to produce our standard of living.

"The question is not so much whether social security is a thing worth having, as it is whether we want social insurance enough to pay the price in the hours of labor required to achieve it."

Aldrich Declares Government "Liquid Savings" Figures As Published Have Little Meaning

Criticizes Congress Delay In Formulating Pay-Go Tax

With "Savings and War Finance" as the topic of an address last week at the 1943 business meeting of the National Association of Mutual Savings Banks in New York, Winthrop W. Aldrich, taking up the question of what constitutes real savings, observed, that "composed of many diverse elements, the totals upon 'liquid savings' published by the Government have little meaning." In his remarks on this point, under the title of "Psychology of Savings," Mr. Aldrich said:

"To the extent that excess war come is held in the form of currency hoards and commercial bank deposits, a real inflationary danger is created for the community. Individuals do not plan to hold their hoarded currency or idle bank balances inactive for any considerable period of time. They do not look upon them in the same light as one of your customers looks upon his savings account.

W. W. Aldrich

"I emphasize this difference in psychological attitudes because certain statistics released by the Government classify an increase in individual cash holdings as savings, irrespective of the intent of the owner. For example, according to the Department of Commerce, net 'savings' of individuals in 1942 approximated $27,000,000,000. This figure was obtained by deducting from total income payments of $116,000,000,000 consumer expenditures of $82,000,000,000, and personal tax and non-tax payments to Federal, State, and local governments of $6,600,000,000.

"Estimates of the Securities and Exchange Commission placed the 'liquid savings' of individuals in 1942 at $29,000,000,000, a figure fairly close to that of the Department of Commerce. This amount was made up of many conglomerate elements which have their own peculiar characteristics, and which react differently upon the economy. First of all, there was an item of $2,400,000,000 representing the reduction of debt. Both from the point of view of the individual, and from the point of view of the whole economy, the reduction of individual indebtedness, resulting largely from restrictions on consumer credit, represented a very desirable development. This use of excess purchasing power not only improved the financial position of the individual, but also acted as a counter-inflationary force.

"A second item, payments on account of public and private insurance and pension reserves, came to $4,800,000,000. These payments originated largely in individual thrift and contributed to the war effort by being invested in Government obligations.

"A further item of $10,300,000,000 was represented by purchases

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Says Economic Salvation Depends On Abundant Production

Declaring that the economic salvation of society is not scarcity, but plenty, Emil Schram, President of the New York Stock Exchange, urged the latter part of last month that the doctrine of abundant production "be preached, practiced and propagated by governments, farmers, industrialists and wage earners" and called for the rejection of the economic heresy of limited production.

In an address before a luncheon meeting given by the San Francisco Chamber of Commerce at the San Francisco Commercial Club, Mr. Schram said that "anything that prevents free enterprise from attaining its highest productivity, from rendering its maximum service to society, is bad economics and bad government." He added that "so long as this country accepts free enterprise and individual ownership as the best possible economic system, it should be the objective of government to make this system work efficiently and pay the highest dividends to society as a whole." He added:

Emil Schram

"Anything that contributes to this end is good economics and good government. Anything that prevents free enterprise from attaining its highest productivity, from rendering its maximum service to society, is bad economics and bad government."

Speaking on the relationship between business and government, Mr. Schram said at the outset of his remarks:

"If our system of free enterprise operates in a healthful atmosphere, the securities business does not need to worry very much about reasonable regulation. On the other hand, capital markets will have little excuse for existence, no matter how free and untrammeled they may be, if our enterprise system loses its capacity

(Continued on page 1786)

From Washington Ahead Of The News

By CARLISLE BARGERON

To many people it will undoubtedly be terribly disheartening that the Allied victory in North Africa should be largely offset by the retirement of Fowler Harper as Paul McNutt's deputy administrator. But as both Mr. Churchill and Mr. Roosevelt have warned us, we've got to mix our exultations with sorrow. And apparently the newspaper editors, particularly the local ones, were determined that we should not forget this, because right along there on the front pages with the description of the boys sweeping into Tunis and Bizerte was the ominous intelligence about Fowler. It seems that Fowler, or rather Fowler's unnamed friends, as we read the accounts, considered that McNutt had "shifted from the left of center to the right of center," so Fowler thought he had better move out. Aside from this shifting from one side of a center to the other side on McNutt's part, it also seems that he had shifted Fowler's office from next to his own to down the corridor a distance. You get the impression that this emphasized McNutt's shiftiness to Fowler.

Your correspondent thinks the story deserves the treatment it is about to get because it is a story of Washington in a nutshell these days.

Fowler was a college professor out in Indiana. He taught law.

(Continued on page 1782)

Paying And Saving In Great Britain

By NORMAN CRUMP

Editor's Note—This article is carried because of our belief that our readers would be interested in knowing how today's war economy has affected the citizens of Great Britain. In any event, as previously stated, it does not, of course, follow that, simply because Great Britain has seen fit to adopt certain tax policies, we should do likewise. The "Chronicle" does feel, however, that our Government would do well to broaden our tax base materially. Norman Crump, author of this article on Britain's finances, is statistical editor of the London "Financial Times" and the former editor of the London "Sunday Times." We are indebted to the office of the British Information Services for making it possible to obtain this editorial.

Ordinary revenue for the financial year 1942-43 amounted to £2,820 millions. This total compares with £2,074 millions for 1941-42, when taxation was lower. It is £193 millions in excess of the estimate of £2,627 millions for 1942-43, made by the Chancellor in his budget speech a year ago.

A comparison between the Chancellor's estimate of April, 1942, and the actual result for the year to March 31, 1943, is made in the following table, which includes the chief sources of revenue.

	1942-43 Estimate	1942-43 Actual (£ millions)	Difference
Income Tax	913	1,007	+94
Surtax	78	75	—3
Estate Duties	90	93	+3
National Defense contribution and Excess Profits Tax	425	377	—48
Customs	438	459	+21
Excise	367	425	+58

The real contrast lies between the increases over the estimates shown in income tax, customs and excise; and the decreases shown in surtax and excess profits tax plus national defense contribution.

Income tax is now imposed on all except the smallest incomes. A wage earner with no dependents is assessed for income tax if his wages exceed £110 a year, equal to little more than £2 a week. Customs and Excise duties are the traditional and technical names for indirect taxation—the duties imposed on such commodities as beer, spirits, tobacco, sugar and tea, and also the war-time purchase tax imposed upon a very wide range of goods.

Surtax only affects incomes in excess of £2,000 a year. Excess Profits Tax is the tax imposed upon all businesses earning more than their "pre-war profits" (as defined in a somewhat complicated manner), and its rate is 100% of all profits over that pre-war standard. National Defense Contribution is levied at a flat rate on all business profits without reference to any pre-war standard. A firm does not pay both duties, but pays whichever is in its case the greater of the two.

The first deduction from the returns is that the war is bringing about a re-distribution of the national income in favor of the lower income ranges. It is common ground that the total national income is growing. This is confirmed by the fact that the actual receipts from income tax exceeded the Chancellor's estimate. Yet surtax, which is confined to the larger incomes, failed to reach the budget estimate. Moreover, while the rate of this tax remained unchanged, its yield in 1942-43 was practically the same as in the preceding year.

It is clear that no additional large personal incomes are being made out of this war.

The short-fall in National Defense Contribution plus Excess Profits Tax may be due to a combination of circumstances. Assessments to these taxes are very complex and necessarily give rise to lengthy discussions between the taxpayers and the authorities. Thus it is possible that there may have been many unexpected delays in assessing these taxes. But the short-fall may also point to the successful way in which war contracts are costed so as to yield no large profit margins. This costing is also very complicated, and at times gives rise to the complaint that the work it involves diverts people from occupations more directly contributive to the war effort.

The other side of the picture is illustrated by the increases over the 1942-43 estimates in the yields from Customs and Excise. As the rates of indirect taxation were known when the original estimates were made, the only possible conclusion is that the consumption of commodities by the public has proved greater than had been anticipated.

This is not entirely a good sign. Probably this over-consumption has had no direct effect on the war effort. Not a single worker, or ton of raw material, has been diverted from the war to meet this extra demand. It has come out of existing stocks.

There is ample evidence, however, of the real and general appreciation of the need to save and for clamping down on spending The remarkable response to the "Wings for Victory" savings campaign with town after town, and village after village, not only achieving but surpassing its target total provides that encouraging proof.

Everyone in Britain today is heavily taxed on the earnings he receives and yet over and above this comes the impressive voluntary support for National Savings.

Government expenditure for 1942-43 amounted to £5,623 millions, compared with an original estimate of £5,707 millions. These are prodigious figures, and the difference between them is not large enough to call for comment. The limit to war expenditure is not financial. It is determined entirely by the productive resources of the country.

One point in the expenditure returns merits notice. The cost of the national debt in 1942-43 was only £325 millions. In 1928 the cost was £353 millions. This means that in spite of the war growth in the national debt, its cost is still less than it was 11 years before the war; the saving being entirely due to the debt conversions of the early thirties. This is a striking proof of the benefits of the cheap money policy in force before and during the war. It also encourages the belief that the national debt will not be a crippling burden after the war.

To Protect Mortgagors In Military Service

The Senate passed on April 26 and sent to the House a bill amending the National Housing Act so as to halt foreclosures on Federally insured mortgages against persons in the armed services. This provision, supplementing the Soldiers' and Sailors' Civil Relief Act, would continue for three months after the cessation of hostilities. Under the bill the Federal Housing Commissioner could compensate mortgagees for any losses they might sustain in interest on debentures and for insurance premiums.

The News Behind The News

By PAUL MALLON

A substantial number of constant readers took pens in hands and jabbed same into me for my column, published April 23, criticizing Mr. Wendel Willkie's fast-selling book "One World."

Paul Mallon

The amount of critical mail was as heavy as I have ever received in protest against a column, some saying it was the only column with which they had disagreed so sharply in many a year.

Generally, they pointed out Mr. Willkie advanced no wild new notions of post-war, but merely set forward a reasonable, restrained accounting of his experiences in flying around the world in 49 days, and he concluded that the plane had brought the nations of the world together—a physical fact which should guide us in arriving at a post-war plan.

"What could I find in Mr. Willkie's book to protest?" my friends asked.

The basic idea; the fundamental principle is set forth; the premise that Mr. Willkie adopted when he wrote the book; the reason for writing it; namely, the conclusion that nearness makes oneness. Mr. Willkie has deluded himself and obviously also deluded a great number of my good readers.

Distances never have had anything to do with unity. You may have lived next door to two neighbors for 20 years, barely spoken to one and have become very close to another—but not nearly so attached as to a friend who lives on the other side of town, or perhaps one in Canada or Labrador.

Oneness is made out of something more spiritually substantial than distance. It comes from similarity of ideals, habits, customs, methods of living.

If a Chinese happened to live next door to you and you did not understand his way of life, the proximity would not in itself lead you to be friends. But if you happened to be a fellow Chinese, or a person who knew the Chinese way of life intimately, you might become close friends and might establish a basis of unity.

Nations are only groups of people in a world neighborhood, and always have been.

Therefore, Mr. Willkie has erred grievously in his primary idea. He is just plain wrong in his initial assumption that whereas this was many worlds before, the plane has made it one world.

We like people who like us, who share our views, hopes, and expectations, and we will always continue to like such people and dislike others regardless of how fast a few can fly back and forth.

Mr. Willkie's error is grievous, because if we now base our hopes of peace on a false assumption we will not only be disillusioned sadly, but we are likely to have more international troubles as a direct result, perhaps even war. Only a thoroughly realistic peace can be a lasting peace.

From a military standpoint, it will also be necessary, for our protection, to acquire bases throughout the world from which we may intercept possible air attacks on us.

But these are not the things Mr Willkie was talking about. He spoke of political unity as a primary assumption, but the prospective use of the plane commercially and militarily does not itself justify such an assurance.

These factors are just as apt to lead to rivalry as oneness. Certainly if rivalry is to be avoided entirely, the world politicians will have to remake human nature not only here at home but chiefly abroad.

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The State Of Trade

Expansion of volume in business during the past week was limited largely to the retail and wholesale trade, with a number of the heavy industries running slightly behind the previous week.

Distribution of electric power last week declined to 3,886,721,000 kilowatt-hours from 3,925,175,000 in the preceding week, it was announced by the Edison Electric Institute.

Despite the drop in demand, consumption of electricity in the week ended May 1 held at 17% above demand in the comparable week of 1942, when the total was 3,304,602,000 kwh.

Generator output in the Pacific Coast area, swelled by war industry usage, ran 32.4% ahead of a year ago to lead gains on a regional basis.

Carloadings of revenue freight for the week ended May 1 totaled 788,783 cars, according to reports filed with the Association of American Railroads. This was a decrease of 5,411 cars from the preceding week this year, 70,128 cars fewer than the corresponding week in 1942 and 5,516 cars under the like period two years ago.

This total was 120.23% of average loadings for the corresponding week of the 10 preceding years.

Steel operations this week are scheduled at 99.4% of capacity, an advance of 1.2% from the 98.2% rate of the previous week, according to the American Iron & Steel Institute.

A month ago operations were at the rate of 98.8%, while a year ago they stood at 99.6% of capacity. Tonnage produced this week will amount to around 1,721,300 net tons against 1,700,500 last week.

The output of some steel producers for the third quarter is being covered rapidly in certain products and two important makers of hot-rolled sheets appear booked to capacity and are refusing further orders for that period, according to the magazine "Steel."

Civil engineering construction in continental United States for the week totaled $72,237,000. This volume, not including the construction by military combat engineers, American contracts outside the country, and shipbuilding, is 53% higher than in the preceding week, but is 83% below the record-breaking total of $434,955,000 reported for the corresponding 1942 week by "Engineering News-Record."

Private work is 13% higher than a week ago, and public construction is up 58% as a result of the 68% gain in Federal. Compared with the week last year, however, private is down 70%, public is off 84% and Federal declined 84%.

Department store sales on a country-wide basis were down 5% for the week ended May 1 compared with the same week a year ago, according to the Federal Reserve Board.

Store sales were up 17% for the four weeks ended May 1, compared with the same period a year ago.

Department stores sales in New York City in the week ended May 8 were 7% larger than in the corresponding week of last year, according to a preliminary estimate issued by the New York Federal Reserve Bank.

In the previous week ended May 1, sales of this group of stores were 1% less than in the like week a year ago.

Chain store sales recorded substantial gains during April, according to the figures of reporting companies. Reflecting the Easter buying, clothing stores and shoe chains reported large increases in dollar sales during the month over April of last year. With one exception, mail order companies continued to show declines in volume due to the shortages and restrictions on heavy consumer goods items.

Food stores, drug and variety chains also had good dollar volume gains during the month, as did those companies with units in the heavy war-production centers.

Placements of Government contracts for war supplies and facilities declined about $14,000,000,000 in the three months ended in February, compared with a quarterly rate of $22,500,000,000 in 1942, the National Industrial Conference Board recently disclosed.

Awards for new plants in the three-month period were valued at only $238,000,000, against a quarterly rate of nearly $2,000,000,000 in 1942. Ship contracts aggregated $1,200,000.000, compared with $3,000,000,000 quarterly in 1942.

Contracts for aircraft, parts and equipment placed during the quarter were valued at $4,900,000,000, raising the cumulative total of such awards to $31,600,000,000. The corresponding authorized program for aircraft calls for the expenditure of $56,800,000,000.

OPA Blamed For Low Oil Reserve

In addressing directors of the Independent Petroleum Association of America at St. Louis last week, responsibility for a national oil shortage, which he said is inevitable within two years unless present trends are immediately reversed, was placed squarely upon the Office of Price Administration and the Treasury Department by Walter S. Hallanan, President of Plymouth Oil Co., and member of the Petroleum Industry War Council, St. Louis news dispatches state.

Declaring that the situation is no longer one that concerns the oil industry alone, Mr. Hallanan said: "It is now a great national and international problem which seriously threatens the effective prosecution of the war and holds grave consequences for our domestic economy."

He asserted that the nation was currently producing and consuming five times as much oil as is being discovered and said that the only remedy for this swift liquidation of oil reserves lies in an immediate price increase which, he declared, would stimulate wildcatting and restore thousands of stripper wells to production.

While sharply criticizing two Governmental departments, Mr. Hallanan praised Petroleum Administrator Ickes for the "intelligent and decisive manner" in which Ickes approached the solution of the oil problem.

Mr. Hallanan declared that the small independent operator who, he said, had discovered 75% of the nation's oil, is being liquidated along with the country's oil reserves.

The Financial Situation

(Continued from first page)

try. These complaining spokesmen for labor are unquestionably right in saying that the increase that has occurred in the cost of living is substantially greater than the figures of the Bureau of Labor Statistics or any of the other agencies would lead the unwary to believe. Not only have rationing and scarcity made wide changes in the things housewives buy for their families (and thus left many of the quotations used in compiling the usual retail price indexes without meaning) but, as everyone who buys anything of consequence in the stores today knows well enough, there has been a general deterioration in quality which prices, no matter how carefully compiled, do not reflect. Moreover, price ceiling violations are rather more than common, and any one who has ever undertaken to report prices knows the difficulties of determining what prices prevail in a market of that sort.

The earnings of labor have, however, risen much more rapidly than wage rates, which are almost invariably employed when the attempt is made to show that the laborer is now receiving lower real wages than he was when we entered the war. Overtime at punitive rates have greatly enlarged the actual pay of most of the workers who are making the greatest clamor for higher wage rates. Many of the others could increase their earnings by the same means if they were willing to work at regular rates for more than 40 hours a week—and, of course, if the law were changed to permit such procedure. Although it is impossible to present accurate statistics to demonstrate it, there can be little doubt in any informed mind that the rank and file of the wage earners of this country receive substantially more real wages in their pay envelope each week than they did when Japan attacked Pearl Harbor.

Labor's Education

But this is not the whole story by any means. Labor has been told over and over again by this Administration that employers habitually victimize it. It has had all manner of assistance from this Administration in organizing and conducting campaigns for higher and ever higher wage rates and for shorter work hours. It has been told many thousands of times that not only it but the public at large was greatly benefited by higher wages and shorter hours. It knows, of course, that most industry is going at capacity, and that but for the enormous taxes imposed upon all business profits would be large. It may even believe the continually repeated misstatement that they are large in any event. It is shrewd enough to understand that in many instances further increases in wages would, if granted, be paid but in small part by the employer, the larger part of the burden resting upon the Government itself, partly because the Government is the chief customer these days and partly by reason of the very high rate and highly graduated scale of taxes on profits. It has been taught to be greedy, and it wants to take advantage of this golden opportunity to improve its position further.

Nor is this all. The wage earner knows, as does everyone else, that during the past month or two retail prices, particularly prices of food, have been rising with extraordinary rapidity. Whatever may happen in the future, it must be admitted that recent weeks have offered no evidence whatever that the cost of living was under control. On the contrary, the housewife has had ample reason every time she visited the grocer or the butcher to believe that prices were getting badly out of hand. Now labor, in this day and time, and with the education which the New Deal has given it, is in no mood to sit idly and permit its position to become worsened.

Another Promise

To be sure, the President in his hold-the-line order again gave assurance that prices would be controlled, and even "rolled back" to remove some of the more recent increase—but how many times in the past has this same assurance been given? And with what results? The outcome of past efforts appears on the whole to have done more to restrict supply than to control prices, and the wage earners as well as the rest of us probably at present feel fully as much concerned about the possibility—to say the least—of not being able to obtain the necessaries of life in adequate amounts as they do about prices. In fine, not being a fool, he sees the price control effort of the Administration as a dismal failure to date, and without real promise for the future, and he demands, rather naturally we must say, if possibly mistakenly, to be permitted to look out for his own interests.

Lest the reader gain the impression that we are undertaking to argue Mr. Lewis' case for him, let it be said categorically that we are doing no such thing. We feel nothing but disgust over the whole miserable episode. Neither do we wish to be considered arguing for the demands of labor generally for higher wages. They are doing very well without any aid from us. What we do feel, and feel very deeply, is that the Administration has made a horrible mess of its attempt to "stabilize" the situation, that it is endangering the war effort and, fully as important, civilian supplies quite unnecessarily and very seriously by its futile and ill-conceived activities; that the problem is not nearly so simple as devising ways and means of humiliating Mr. Lewis or of bringing pressure upon other labor groups. We are also quite certain in our own minds that there are more important considerations than absolute "stabilization" of either prices or wages.

The latest plans for "rolling back" prices, at a cost, so it is said, of some two billion dollars to the taxpayers, is obviously largely a fraud when presented as a means of reducing the cost of living, and may well largely complete the process of demoralizing distribution. The time has come for a real "new deal."

A Tariff Dictator?

"Let there be no belittling of this issue. If the United States repudiates the Trade Agreements Act, either outright or by crippling amendments, if it thus repudiates the idea of economic non-aggression, it will have destroyed the stuff of which peace is made; it will have struck a heavy blow at the hopes of mankind for ridding this world of the scourge of war and for creating a just, a workable and a lasting peace. . . .

"Economic attacks and counter-attacks characterized this [post World War I] period. The resulting destruction to international trade finally brought the world to the verge of an economic collapse and contributed greatly to the general state of international anarchy and non-cooperation which proved a fertile field for the growth of another world war. . . .

"It is my confident belief that [permanent peace] . . . today is the ideal and the objective of the overwhelming majority of the people of this country. If that objective is to be attained, the people of the United States must assume their full share of responsibility for the creation of that kind of world in which men and women in the years to come can, as a basic part of their essential security, in very truth be free from the fear, as well as from the fateful consequences, of economic aggression."—Under-Secretary of State Sumner Welles.

With what appears to be Mr. Welles' argument against barriers to natural international exchange of goods, we are in full sympathy, but is it necessary to maintain a tariff dictatorship in this country to avoid the evils he condemns?

That, after all, is the crux of the Trade Agreements Act controversy.

Lend-Lease Aid Passes $10,000,000,000 Mark—90% Of Goods Transferred Sent Overseas

Edward R. Stettinius, Jr., Lend-Lease Administrator, announced on May 2 that total aid rendered by the United States under the lend-lease program from March 11, 1941, to April 1, 1943, had a dollar value of $10,319,518,000. Of this amount $688,000,000 of aid was rendered in March, 1943. It is further announced that goods transferred up to April 1 totaled $8,494,135,000, or 82% of lend-lease aid.

While lend-lease aid from the United States has passed the $10,000,000,000 mark, Mr. Stettinius said, reverse lend-lease provided to the United States by other United Nations and aid which they render to each other on a lend-lease basis have continued to mount in volume and importance. Exact figures are not now available but we know that in proportion to the resources they have available this lend-lease aid by our Allies to us and to each other is entirely comparable to our own. The statement added that goods transferred by the United States under the lend-lease program include finished munitions, industrial supplies, food and other agricultural products provided to our Allies for their war effort. Services include shipping and air-ferrying, ship repairs, production facilities and such activities as the pilot-training program.

Mr. Stettinius' statement continued:

"Fifty-five per cent of goods transferred to date have been munitions, 27% industrial supplies, 15% food and 3% other agricultural products.

"About 90% of all lend-lease goods transferred by the United States have been sent overseas.

"In 1941 more than two-thirds of all lend-lease shipments went to the United Kingdom and only small amounts to Russia and the Far East.

"In the last three months for which export figures are available lend-lease shipments were divided as follows:

United Kingdom	38%
Soviet Union	31
Africa and Middle East	16
Far East (including India)	14
Others Areas	1

"Lend-lease aid has represented about 13% of our total war spending program from March, 1941 to April, 1943. Lend-lease aid in the past three months, totalling $2,066,785,000, was 12% of war spending for this period.

"Aircraft continues to make up the largest single category of all lend-lease transfers, totaling $1,405,744,000 to April 1. Lend-lease and direct purchase shipments of combat planes to our Allies have been about one-third of our total combat plane production. More lend-lease planes have been shipped to the Soviet Union than to any other military theatre.

"In addition to aircraft, the other munitions categories are ordnance, ammunition, tanks, military trucks and other army vehicles, watercraft and parts, totaling together $3,279,681,000.

"Transfers of industrial supplies, including machinery, metals, petroleum products and other industrial products used in the war production program of our Allies, have totaled $2,253,619,000.

"Food for the Soviet Army and British production workers make up more than 90% of the $1,268,991,000 of lend-lease food transferred to date. Small amounts have also gone to North Africa. Until this year most food has gone to the United Kingdom. This year we expect to send as much food to the Soviet as to Britain because of the increasingly acute food shortage in Russia.

"Last year lend-lease food shipments were about 6% of total United States food supply. This year we expect to send more. The size of the increase will depend upon the total amount of food available for the needs of our armed forces, our civilians and our Allies and the availability of shipping.

"The program of lend-lease aid from the United States has been accompanied by similar programs of aid by our Allies.

"Canada, for example, has provided $1,000,000,000 worth of supplies to its Allies without payment. In proportion to population, this is equivalent to $12,000,000,000 of lend-lease aid by the United States. And Canada has started on its second billion dollar mutual aid program. Great Britain has provided the Soviet Union with comparable amounts of munitions and services on a lend-lease basis, and is also providing aid to China and forces of the governments-in-exile.

"The United Kingdom, Australia and New Zealand especially are providing large and increasing amounts of reverse lend-lease to United States forces. In the British Isles the construction cost alone of airdromes, barracks, hospitals and other buildings built expressly for American use has been estimated by the Chancellor of Exchequer at about $600,000,000. Almost all the food for American forces in Australia and New Zealand is being lend-leased to us by these countries. And we continue to receive without payment by us a great variety of other supplies and services in mounting volume as more American troops move overseas."

Following is a table showing cumulative lend-lease totals by category:

LEND-LEASE AID
Cumulative From March, 1941
Through March 31, 1943
(Thousands of Dollars)

Goods Transferred	
Munitions:	
Ordnance	450,040
Ammunition	943,742
Aircraft and Parts	1,405,744
Tanks and Parts	731,376
Motor Vehicles	467,668
Watercraft and Parts	686,855
Total	4,685,425
Industrial Products:	
Machinery	370,655
Metals	607,430
Petroleum Products	413,312
Other Industrial Products	862,212
Total	2,253,609
Agricultural Products:	
Foodstuffs	1,268,991
Other Agricultural Products	286,110
Total	1,555,101
Total Goods	8,494,135
Services Rendered	
Ship Repairs, Etc.	262,135
Shipping	929,782
Production Facilities	572,896
Miscellaneous	60,570
Total Services	1,825,383
Total Lend-Lease Aid	10,319,518

Certain transfer totals include small amounts of goods diverted to United States armed forces after lend-lease transfer, but subject to future replacement.

Jackson To Head OWI Work In Middle East

The Office of War Information announced on April 21 the appointment of Charles D. Jackson as chief of all OWI operations for North Africa, the Middle East and Turkey. Mr. Jackson recently returned from a special mission to Turkey on behalf of the State Department and is expected to leave soon for North Africa.

Nation-Wide Job Stabilization Plan Cancelled By WMC; To Use Regional Pacts Instead

Plans for a nation-wide employment stabilization plan have been cancelled, it was announced on May 3 by Paul V. McNutt, Chairman of the War Manpower Commission, who explained that 12 regional agreements covering the country will be used instead. It is stated that most of the regional management-labor pacts, of which nine have been completed, will require essential workers to get a "certificate of availabiltiy" before transferring to a new job, regardless of whether it calls for more, less or the same wages.

Associated Press accounts from Washington had the following to say in the matter:

"The wage-job control order of April 17 covered only transfers at higher pay but in other respects the regional agreements are more liberal.

"They permit workers to change jobs for more money if laid off or discharged, if they are working only part time or if they would make a greater contribution to the war effort by taking the new position.

"Mr. McNutt said the regional agreements also would permit transfers in 'hardship cases,' or in situations where the shift was necessitated by compelling personal circumstances.

"The regional control agreements are temporary, to be replaced as rapidly as possible, McNutt said, by permanent ones.

"The manpower chief said the regional agreements would make it unnecessary to establish the nation-wide employment stabilization agreement under consideration following complaints from labor groups that the control order of April 17 was too harsh, in that it prevented any transfers to higher paid jobs.

"The country-wide plan was abandoned last week, Mr. McNutt said, when his regional directors at a meeting here disclosed they had made rapid progress in working out temporary agreements.

"The regions with headquarters in Chicago, Kansas City and Denver still lack agreements but their directors have promised they will be ready in a few days.

"The regional agreements follow the pattern of stabilization pacts in effect for some time in a number of local areas. Such controlled areas were exempt from the April 17 order, but in uncontrolled areas there was no provision for transfers to higher paid jobs. This will be remedied by blanketing the whole country with regional control agreements. Where local agreements are less stringent than a region's, the local provisions will be revised accordingly.

"The 'certificates of availability' or 'quit slips' as they are known, are issued either by the employer or by the United States Employment Service and must follow the wording established by WMC."

Plans for the establishment of the job stabilization plan were noted in our issue of April 29, page 1596. The order of April 17 was referred to in these columns April 22, page 1497.

Stabilization Fund Bill Signed By President

President Roosevelt signed on April 29 the resolution extending for two years after June 30 the operation of the Treasury's $2,000,000,000 Stabilization Fund and preventing its use in an international fund for post-war stabilization of world currencies.

Congressional action on the legislation was completed on April 22. The measure first passed the Senate on April 16, at which time the provision for extending the President's power to devalue the dollar beyond June 30 was eliminated. The House, in approving the measure on April 21, inserted the amendment restricting its use and the Senate concurred in the change on April 22; this action was reported in our issue of April 29, page 1588.

Post-War Boom Seen By Commerce Dept.

Commerce Department economists reported on April 28, after reviewing post-war markets at the suggestion of the Committee for Economic Development, that the country's problem after the war may be to control a boom rather than prevent a depression. A special dispatch to the New York "Times," on April 28, from Washington, in which this was reported, added:

"They set off the accumulation of purchasing power by the public and of depreciation reserves and surplus profits by corporations against a post-war dearth of consumer goods and the need for reconverting and constructing plants to make them.

"If business and Government can successfully plan together to bridge the immediate reconversion period, there will be opened up, the report stated, 'enormous markets which did not exist before the war.' But business will have to rise to this challenge.

"Discussing the demand for consumer goods, the report estimated the capacity of available manpower in 1946 at $165,000,000, expressed in 1942 prices. This, it said, would create a demand for almost 34,000,000 cars on the road. To build up this level, at the same time take care of current replacements, would require an output of more than 6,000,000 cars a year for about four years.

"Could such a volume of consumer goods be sold? Yes, said the report. If the war lasted through 1944 the amount of accumulated savings available for spending at the end of the year should be about $60,000,000,000.

"It is calculated that if the civilian labor force available after the war is effectively used, with unemployment held to a practicable minimum of about 2,000,000 and with 1940 hours of work, the country has a demonstrated capacity to produce almost 50% more than in the best pre-war years — $142,000,000,000 of goods and services at 1940 prices against an output of $97,000,000,000 in 1940.

"About 80% of all civilians now employed," says the report, "are producing essential civilian goods and services or war materials in industries so similar to pre-war civilian industries that no serious plant reconversion problem is created. . . .

"The post-war labor situation," said the report, "will be this: between 1940 and 1946 another 2,500,000 persons will have been added to the labor force. If post-war output should be no greater than in 1940, the 9,000,000 who were unemployed in 1940 would again find themselves unemployed; the 2,500,000 new workers would increase their number and there would be added another 8,000,000 displaced by improvements in efficiency over the six years—a total of 19,500,000."

FDR Adds Three to WPB

The membership of the War Production Board was increased on April 23 when President Roosevelt named the heads of three war agencies in a move designed to facilitate completion of an over-all civilian supply program.

The new members are Secretary of the Interior Harold L. Ickes, in his capacity as Petroleum Administrator for War; Paul V. McNutt, Chairman of the War Manpower Commission, and Joseph B. Eastman, Director of the Office of Defense Transportation.

The appointment of these officials was suggested by WPB Chairman Donald M. Nelson.

The other members of the War Production Board, besides Mr. Nelson, are: Secretary of War Stimson; Secretary of the Navy Knox; Secretary of Commerce Jones, in his capacity as Federal Loan Administrator; Vice-President Wallace, as Chairman of the Board of Economic Warfare; Harry L. Hopkins, the President's special assistant supervising the defense aid program; Price Administrator Prentiss M. Brown and Lieut. Gen. William S. Knudsen, Director of Production for the War Department.

30-Hour Work Week After War Envisaged

R. J. Thomas, president of the United Automobile Workers, speaking before the League for Industrial Democracy, at the Hotel McAlpin on May 9, attacked the National Association of Manufacturers and recommended a 30-hour week in the post-war transitional period, said the New York "World-Telegram" of May 9, which also had the following to say:

Mr. Thomas attacked the National Assn. of Manufacturers for what he characterized as their "smooth talk," which, he said, "insures a return to the free enterprise which has meant for the workers only the freedom to starve, or, in recent years, the freedom to be kicked around on miserable WPA jobs and on public relief."

"Labor will have to play the policing role to see to it that our wartime promises to our military force and our civilians endure," he said, adding there is "no escaping" the 30-hour week as one of the essential prerequisites of full employment after the war.

Freeman Elected Head Of Memphis AIB Group

Mark P. Freeman, of the Memphis branch of the Federal Reserve Bank of St. Louis, has been elected President of the Memphis Chapter of the American Institute of Banking, succeeding J. D. Stovall of the National Bank of Commerce.

Other officers named, according to the Memphis "Commercial Appeal," are Marvin H. Brooks of the First National Bank, Vice-President; Mildred Flaniken, National Bank of Commerce, Treasurer, and Lucia Miller, Federal Reserve Bank, Secretary.

Special Libraries Ass'n Conference Scheduled

The Special Libraries Association has scheduled a second wartime conference to be held at the Hotel Pennsylvania, New York City, June 22-24. In conjunction with the meeting, the Financial Group's tentative program included the following: a talk by Dr. Paul M. Cadman, Economist of the American Bankers Association, on June 22, on "Financial Aspects of the Second World War"; a discussion of Wartime Problems of Washington Financial Librarians and on Post-War Planning and Problems on June 23, and the annual business meeting on June 24. Miss Mary P. McLean, Librarian of the ABA, is Chairman of the Financial Group; Miss Ruth Miller, Librarian, Central Hanover Bank and Trust Co., New York, is Vice-Chairman, and Miss Margaret Siegmund, Librarian, Bankers Trust Co., New York, is Secretary-Treasurer.

Bell Urges Banks To Build Up Capital Reserves To Meet Problems Arising In Post-War Era

Pointing out that difficult times may lie ahead, Elliott V. Bell, New York State Superintendent of Banks, urged the banks on May 1 to take advantage of the present opportunities to strengthen their positions so that they may be prepared for the problems that will arise in the post-war period.

"We must use every opportunity to strengthen ourselves against whatever tests are to come," said Mr. Bell, speaking before the annual dinner of Group I of the New York State Bankers Association at the Hotel Statler, Buffalo, "For the banking system these are days of large problems, but relatively speaking these are also good times. We are acquiring more and more high-grade liquid assets. We are adding to our earning power. We have the opportunity to straighten out some of our longstanding problems." He added:

"These are the times to prepare for still more difficult times that may be coming. These are the times to build up capital reserves, to clear out slow and doubtful holdings, to put the house in order and to tie down loose ends. I do not suggest this because I fear the future, but rather because I want our bankers to be able to meet the future without fear."

Mr. Bell said that the forces now making for some measure of inflation might assert themselves even more strongly after the war is over. In the last war the nation's policies all but invited a great post-war deflation, but this time the country may be building toward a post-war inflationary boom, said Mr. Bell.

In the last war prices were less rigorously controlled, said Mr. Bell, who continued: "There was more speculation in farm land, in securities, in commodities, yet the demands of our armed forces were relatively less, the curtailment of civilian consumption was less, the accumulated deferred demand for civilian goods was less.

"After the last war flexibility in the economy was still considered natural. The rapid removal of controls and a return to 'normalcy' were everywhere demanded. As soon as the Victory Loan was financed the Federal Reserve Banks embarked on a frankly deflationary policy. Government securities fell heavily and no effort was made to prevent it."

In contrast, he said, during the present war "an enormous demand for consumer goods is being created. Huge potential purchasing power has been built up. The needs of the rest of the world for food, clothing, medicine, machinery will tend to augment our own domestic post-war demands. Government policies will almost certainly not be deliberately deflationary."

The Government's effort to suppress the effects of war-time inflation by price control and rationing, said Mr. Bell, "may succeed in slowing down the process of inflation during the war so long as it receives the patriotic support of a majority of the people. It is a frail reed upon which to rely when the approach of victory or the actual end of the war releases some of the restraint and patience our people have thus far so magnificently shown." He further observed:

"By that time the volume of accumulated shortages will have created a staggering deferred demand. Growing exasperation with bureaucratic controls and regulations will have aroused pressure for their removal if not a wholesale tendency to evade and disregard them. Under such circumstances there could easily develop an inflationary psychology sufficient to produce a serious blow-up in prices."

Mr. Bell said that no important reduction in the volume of bank deposits could be expected after the war ended. A decline in bank deposits, he said, could result from a retirement of government debt, a reduction in other investments and bank loans, an increase in currency circulation, or an outflow of gold. Currency expansion and gold exports could scarcely reach proportions sufficient to reduce materially the swollen deposits resulting from the war, he said, and the chances would appear to favor an increased demand for bank loans after the war rather than a further decline. While the post-war budget would be greatly reduced from its present level of more than $100,000,000,000, he doubted that the margin of revenue available for debt reduction would be large.

Even though the total volume of bank deposits might not decline to any appreciable extent, said Mr. Bell, there was every reason to believe that there would be a shifting of deposits from war boom areas.

"It should be obvious," he said, "that a boom area bank will be in a better position to meet post-war withdrawals if it has kept its government portfolio fairly short. One simple formula would be for a bank to figure out how much its gain in deposits exceeds the average gain for all banks and then to keep at least all of this excess in short governments."

1942 National Income Reached All-Time High

National income reached an all-time high of $119,800,000,000 during 1942 and, if present price levels and tax legislation continue without substantial change, may total in the neighborhood of $140,000,000,000 for 1943, the Federation of Tax Administrators said on April 29 after analysis of figures released by the Department of Commerce.

The Federation's announcement further explained:

"The 1942 figure represents a 43.8% increase over national income for 1929, highest in the '20s, and a 25.3% increase over 1941. The decade change between 1932, the all-time low, and 1942 was 199.8%; however, national income for 1939 was 15% below that for 1929. A rapid and steady rise in national income started in 1939, with 1940 and 1941 income higher by 9.9 and 22.9% than totals for 1939 and 1940 respectively.

The Federation's analysis showed a considerable number of of shifts during the last year in the relative importance of income shares as well as industrial source of income. Though income originating in each industrial group increased in general, the largest increases occurred in those groups feeling the direct impact of wartime demands.

"National income contributed by all manufacturing groups in 1942 was 30.6% of the total, though the same groups contributed only 24 and 25% in 1939 and 1929 respectively. The same picture holds true for the agricultural group, which accounted for 9.2% of the 1943 income to increase in relative importance from 7.4% in 1939 and 8.1% in 1929.

"The construction industry, while increasing from 2.7% of the total in 1939 to 4% in 1942, has not reached the importance it enjoyed in 1929, when it represented 4.3% of the total.

"Relative declines occurred in the distribution and service industries, the analysis showed. The financial group, especially, declined from 12.2% in 1929 and 9.6% in 1939 to 7% in 1942."

Inter-American System Suggested As Guide For International Organization In Post-War Period

Fundamental rules of international conduct which may serve as a guide to post-war organization are embodied in a report prepared under the direction of the Executive Committee on Post-War Problems of the Governing Board of the Pan American Union, and released by that organization on May 3. The report sets forth the basic principles of the Inter-American system as enunciated in treaties, conventions and declarations adopted by the American Republics during the last half century. Many of these principles, the Executive Committee declares, are of universal application and are presented "in the hope that they may be helpful in determining the standards that shall govern international relations generally, and in re-establishing such relations on the basis of law and order." Advices in the matter from the Pan American Union in Washington state:

"Emphasizing the foundation principle of 'absolute juridical equality and complete sovereignty and independence of each State,' the study submits as the basis of the juridical relationships among the American Republics respect for treaty obligations, non-intervention in the internal or external affairs of another state, condemnation of force and the non-recognition of territory acquired by force, and the principle of pacific settlement of international disputes. To provide a means for the peaceful solution of controversies, the American Republics have set up comprehensive machinery for commissions of investigation, conciliation, arbitration, good offices and mediation. Supplementing these formal procedures, the report explains, there has developed on the American Continent a sense of responsibility for continental conduct, whereby any question that affects two or more states immediately becomes the concern of every other member of the American community.

"Over and above the specific rules and agreements that have been adopted to determine the relations between American States is the all-pervading sentiment of cooperation. The Pan American system, the report declares, is essentially a cooperative system. In contrast to the principle of universal dominion and the balance of power theory, both of which have been rejected by the American Republics, the nations of the Western Hemisphere have conceived and developed the system of cooperative action in their mutual relations. . . .

"Recognizing the fact that inter-American solidarity applies not only to matters within the Continent, but to non-continental conflicts and differences as well, the study clearly establishes the status of American relations with non-American states. This is exemplified by the assertion that aggressive acts against any American nation by outside forces shall be considered as an aggression against all the states of the Americas. At the same time the report emphasizes that the inter-American system is not founded on any spirit of isolation, nor is it in any sense antagonistic to any other section of the world or to any other international organization. The American Republics, the study declares, 'recognize the interdependence of the world as a whole, and the inevitable necessity of every state and region maintaining contact with and being influenced by developments in every other State or region.'

"Equally as vital as political and juridical principles to the successful operation of any international system, in the opinion of the framers of the report, are the economic, cultural and social relationships between nations. The program of the Inter-American system involving these factors is predicated on the betterment of living conditions for the people of each country, their health and sanitation, education, and material welfare. Toward this end, the inter-American system favors strong international trade, reduced tariffs, and the elimination of export and import quotas."

FDR, George VI Laud African Successes

President Roosevelt on May 9 congratulated Gen. Dwight D. Eisenhower on the Allied victory in Tunisia and said the unprecedented degree of Allied cooperation involved "makes a pattern for the ultimate defeat of the Axis."

The President also expressed to Gen. Henri Honore Giraud "the admiration of the people of America in saluting the brilliant contributions of the French forces" in the capture of Tunis and Bizerte. The texts of the messages as reported in United Press accounts from Washington, follow:

"Gen. Dwight D. Eisenhower:

"My warm personal congratulations to you on the great success of the recent operations in North Africa. The power and coordination with which the Allied forces are crushing our enemies in Tunisia is a tribute to your leadership. The unprecedented degree of Allied cooperation makes a pattern for the ultimate defeat of the Axis.

"Convey to Gen. Alexander my appreciation of the splendid manner in which he directed the ground armies of three nations in a series of devastating blows against the enemy. My congratulations to Air Marshal Tedder on his overwhelming air victory; to Admiral Cunningham on the destruction of the Axis shipping by his naval craft; to Gen. Montgomery on the culmination of his Odyssey, and to Gen. Anderson for his perfect team-play."

"Gen. Henri Honore Giraud:

"I express the admiration of the people of America in saluting the brilliant contributions of the French forces under your command which culminated yesterday in the capture of Tunis and Bizerte. Soldiers of France have demonstrated they waited only the opportunity to spring back at their Nazi oppressors. This precedent, so victoriously established, is the beginning of the day when the United Nations, working in concert, will restore France to its people."

A message of congratulation was also addressed to Gen. Eisenhower on May 9 by King George VI, this, according to United Press accounts from London, stating:

"Throughtout the six months during which you have been in command of Allied forces in North Africa," the message said, "I have watched with admiration the progress of operations on sea, land and in the air.

"Under your leadership, forces diverse in nationality and race have been knit into one united and successful whole. Their task has not been easy and resistance of the enemy has been determined and desperate.

"But now with the capture of Tunis and Bizerte, your campaign almost is concluded. The last enemy forces in Africa are being captured or destroyed and the debt of Dunkerque is repaid.

"In behalf of all my people, I express to you as supreme commander of Allied forces and to all ranks under your command, our heartfelt congratulations on your victory."

War Deadlocked Says Franco In Peace Plea

Generalissimo Francisco Franco, Chief of State of Spain, speaking on May 9 at Almeria, made an appeal for world peace and said that the war had reached a deadlock, in which neither side had the power to destroy the other, and that "those of us who witness the struggle serenely consider it senseless to delay the peace," according to Associated Press advices from Madrid on May 10, which added:

Franco spoke at a demonstration organized to receive him at Almeria at 7 o'clock last night, but the speech was not released until today. His clear appeal for world peace followed a similar appeal by his Foreign Minister, Count Gen. Francisco Gomez Jordana at Barcelona on April 16.

"Abroad, Spain demands a post which corresponds to her history in service, humanity and worth," Franco declared. "It is the serene policy which we have followed since the first day of our movement, without abandoning our sovereignty nor our prestige, and which, in these times when the world is a sea of blood and hate, raises its voice, united with that of the Holy Pontiff, to appeal to the conscience of peoples."

"The world has now undergone three years of war, and when this time is passed, it is fitting to think of peace, of ending hates and of bringing peoples together. The fact that the belligerents remain deaf to these appeals does not mean that the war has no solution.

"We have reached what may be called the dead point in the struggle. None of the belligerents has the power to destroy his opponent. Therefore, those of us who serenely watch the struggle consider it senseless to delay peace. And I say this because behind this facade, there is something worse: There is Communism pushing, sowing hates carried on through 25 years of Russian barbarism, awaiting its prey. This is the anti-Europe denial of our civilization, the destruction of all which we hold most dear and precious."

At another point in his address, Franco declared: "Our ceremony today is an example of reconstruction and internal strengthening which offers the world an example of good sense, showing that Spain is united and strong to fight against all storms."

House Votes To Curb War Brokers' Profits

The House approved on April 20, without a record vote, legislation to curb "excessive" profits realized by commission sales agents for procuring Government war contracts.

The measure, which was endorsed by the War and Navy Departments, defines sales agents handling war, navy or maritime contracts in excess of $25,000 as subcontractors and, as such, subjects their earnings to Government scrutiny and renegotiation.

The legislation is the result of a lengthy inquiry conducted by the House Naval Affairs Committee. In the course of these hearings, several of the agents are said to have acknowledged aggregate fees totaling millions of dollars. Urging approval of the legislation, the Committee's report said the fees and commissions earned by the brokers "were so excessive as to become scandalous and shocking to the public conscience."

This was the second attempt by the House to restrict the profits of commission agents. Last year the House passed a bill to outlaw commission fees on all government contracts, but the legislation was pigeonholed by the Senate Naval Committee.

Munitions Production Up 11% In March Nelson Announces In Monthly Report

Munitions production in March advanced 11% over that of February, it was announced on May 4 by Donald M. Nelson, Chairman of the War Production Board, in his ninth monthly report on war production. On a daily average basis, Mr. Nelson explained, there was little change as March had three days more than February. The advices from the WPB continued in part:

"However, a number of new production records were scored in the month. Among them:

"Airplane output reached a new high of 6,200 planes.

"Construction of both naval and merchant ships, measured by the value of work done in shipyards, was the greatest on record.

"Delivery of Liberty ships for the first time exceeded 100 a month.

"But munitions production for the first quarter of 1943 was only 18% of output scheduled for the year, indicating that average quarterly output for the succeeding quarters must average 27% of program, or half again as large as in the first quarter, to meet schedules in accordance with military plans.

"The record of March munitions production shows gains in all major categories as follows:

Total munitions	up 11%
Aircraft	up 11%
Ground ordnance	up 7%
Navy and Army vessels	up 14%
Merchant vessels	up 7%
Miscellaneous munitions	up 12%

Mr. Nelson's report further stated:

"Although there are indications that war production in the next month or two will show substantial gains, the very great advances made in the last year cannot be sustained for many months longer. The March Index of Munitions Production (preliminary) rose to 533 from 482 in February. This compares with 201 in March, 1942, an increase of 165%.

"One of the facts we must face is that the amount of steel available for war production, although enormous, has its limits. We are nearing top capacity in steel production. Our allocation system has cut down steel going into civilian production close to minimum. This means that war production is getting nearly as much steel as it can get.

"Hence, to attain our goals it will be necessary to use in place of steel less scarce metals, plastics and wood. All along the line substitutes are being found for more critical materials, but this development must be pushed much further, and with all of our ingenuity.

"Shortages of manpower, particularly of highly trained key personnel, are retarding production. This means using still greater imagination in adapting machines to replace hands and in accelerating the training of women.

"Scheduling techniques are beginning to show development, but we can do much more in making the order boards in war plants dovetail in to an overall production pattern that will mean higher output, and the least possible dislocation in shifting from one type of production to another.

"There are also improvements that must be made in our system of distributing materials and critical common components under the Controlled Materials Plan. Inventories must be further limited and periods of fabrication and processing reduced to a minimum.

"To get the most from ourselves and our machines we should constantly envisage our men fighting upon the world's battlefronts. We should not measure time in days and weeks, but in thousands of lives spent in defeating our enemies—and days mean lives."

First Nat'l Of Boston Favors Forced Savings

"With the speeding up of Federal spending in consequence of the intensification of the war effort, the steady reduction in private debts, and the dwindling supplies of goods available, we are entering the critical stages of inflation," says the First National Bank of Boston in its current "New England Letter."

Declaring that the crux of the inflation problem is the huge excess consumer income, the Bank says that this surplus money must be immobilized "to prevent a strong upward pressure on the cost of living," and that "unless this is done the battle against inflation is lost." The First National Bank contends that, in addition to the imposition of heavy taxes, including a sales tax, "it will be necessary to adopt some form of forced savings and lending." Regarding this viewpoint, the Bank's "Letter" states:

"The voluntary basis of selling bonds is the most satisfactory when it works. But so far this means has not been adequate despite the magnificent services rendered by volunteer workers. Since the defense program began in June, 1940, the amount of war savings bonds sold to individuals has aggregated only about $16,000,000,000, or about one-fifth of the Government securities issued during the period. Consequently, more drastic measures are necessary. The most realistic and equitable method would be to require that a high percentage of the increase in personal income that has taken place since 1939 be invested in Government securities or in some form of savings.

"Such a measure would absorb a large proportion of the idle money in the hands of consumers. While there are undoubtedly administrative difficulties involved, these could be overcome. The facts are that it would be much better to put up with temporary privations in order to protect and safeguard the purchasing power of the dollar against untold depreciation in value. To prevent undue hardship, allowances could be made in this allotment for savings deposited in the course of the fiscal year as well as for net premium paid on life insurance, for institutions involved in these transactions are investing most of their surplus funds in Government bonds. Reductions in private debt could also be considered in this connection."

Guffey Coal Act Extended

President Roosevelt signed on April 24 the resolution extending the Guffey Bituminous Coal Act for 30 days, through May 24. The Act setting minimum prices and defining certain fair trade practices in the soft coal industry was due to expire at midnight April 26.

The House voted 99 to 6 on April 21 to grant a 120-day extension. Representative Doughton (Dem., N. C.), Chairman of the Ways and Means Committee, explained that the temporary extension was needed in order that his group could have additional time to consider more permanent legislation. However, the Senate on April 22 amended the extension legislation, reducing the time limit from 120 days to 30 days. The House concurred in this action on April 22, completing Congressional action and sending the measure to the White House.

Govt. "Liquid Savings" Figures As Published Have Little Meaning, Aldrich Declares

(Continued from first page)

of Government securities on the part of individuals. This, too, constituted a desirable development, although the amount must be increased if inflationary forces are to be held in check.

"Aside from a small investment in private securities, the remaining portion of the increase in so-called 'liquid savings' was made up of an item of $11,300,000,000, the largest of all, representing individual holdings of currency and deposits. The bulk of the amount consisted of demand deposits with commercial banks, which had not resulted from voluntary thrift, but which, on the contrary, had their origin in the inflation of dollar incomes, resulting in large measure from bank credit expansion.

"When the Government finances its deficit in part through the commercial banking system, a rise in deposits results, and individuals may be expected to acquire their normal proportion. If the Government had financed itself through taxation, or through the sale of securities to individuals, commercial bank deposits would not have increased. To designate an increase in individual holdings of currency and checking accounts as 'savings' leads to the untenable conclusion that the greater the volume of bank credit expansion, the greater the volume of savings.

"Composed of many diverse elements, the totals on 'liquid savings' published by the Government have little meaning. Each of the component items has different implications for the economy. In consequence, we should not be lulled into a false sense of security when we read that 'liquid savings' have increased by some huge sum. Rather, we should be alarmed at the large amount of these 'liquid savings' which is composed of currency and commercial bank deposits. Both resulted from prior bank credit expansion and from the inability of individuals to spend their whole income. Both are highly unstable and may, if individuals become determined to spend their funds, break through rationing and price controls and foster the growth of black markets. Currency hoards and commercial bank deposits would not have increased if savings funds had absorbed the deficit of the Government."

Mr. Aldrich, who is Chairman of the Board of the Chase National Bank of New York, in his address told the officials and trustees attending the meeting that "the success that you have achieved in the sale of Government obligations has resulted from the fact that you consistently have preached the doctrine of thrift." He went on to say:

"You preached the doctrine of thrift in the decade of the 20's when all too many were being misled by the Pied Piper of speculative profits. You preached the doctrine of thrift in the decade of the 30's, when many were prone to minimize its importance, and when the return upon savings was decreased to inordinately low levels by the adoption of easy money policies. You are preaching the doctrine of thrift today, when thrift once more has come into its own, and when it is of supreme importance for the people of this nation to save an even larger part of their income to avoid the hazards of inflation.

"Thrift performs a vital function, whether a nation is at peace or at war. In time of peace, an individual placing funds with one of your institutions foregoes a certain amount of consumption that otherwise he could enjoy. This sacrifice upon his part releases men and materials for the construction of dwellings, railroads, industries, and public utilities. The community is enriched, more goods are produced and brought to the markets, and the standard of living is improved. The use of savings funds in productive enterprise generates income for the 'servicing' of the debt incurred by the borrowing industry, and hence for the payment of interest to the savings depositor, whose sacrifice of present consumption made possible the increase in productive equipment."

Turning attention to the broader aspects of saving under present emergency conditions, Mr. Aldrich continued: "Although thrift, in time of war, unfortunately is not matched by an increase in the wealth of the community, it does make a significant, two-fold contribution to the war effort. In the first place—by reducing the civilian consumption of goods—it releases facilities for war production; and, in the second place, it holds inflationary developments in check. Civilian consumption must be reduced upon a huge scale; otherwise labor, goods, and productive equipment will not be released for the production of war material. The military strength of a nation in large measure is dependent upon its ability to transport, feed and provide equipment for its military forces. At the beginning of a conflict, an expansion in production usually can be brought about by a more complete utilization of available facilities, by expanding employment for those not gainfully employed, and by bolstering the efficiency of all productive facilities. The demands of modern warfare, however, are such that all productive equipment and available manpower soon are fully employed, and a further expansion in war production becomes increasingly dependent upon a reduction in civilian consumption."

Looking into the question of war financing from current income, Mr. Aldrich expressed the view that "upon the whole, the progress that has been made in this war in siphoning off the excess income of the community has been disappointing." "The Treasury," he said, "has failed to furnish Congress with well-conceived measures of taxation. The Treasury has improvised where constructive advice was needed. Congress has delayed inexcusably long in placing the nation's taxes upon a 'pay-as-we-earn basis,' which is the only method that effectively will curtail immediately available spending power, and insure the Treasury of the revenues it requires." He further commented:

"Despite commendable efforts by the United States Treasury to place its securities with individual purchasers and despite substantial progress achieved in the Second War Loan Drive, the volume of obligations purchased by individuals, either out of current income or disposable funds, has not reached satisfactory levels. The failure of individual purchases to reach such levels forced the commercial banking system—through 1942—to absorb $23,000,000,000 of Government securities, an amount which represented about 48% of the increase in the total Federal debt. Reliance upon the commercial banking system has caused bank deposits to soar, has aggravated the problem of price control, and greatly intensified the difficulty of returning to normal economic relationships at the close of the war."

According to Mr. Aldrich "our own fiscal record suffers badly in comparison with that of the British and Canadians." As to this he stated:

"A little less than a month ago, Sir Kingsley Wood, British Chancellor of the Exchequer, introduced a budget that aptly has been described as 'record-breaking.' In his address before the House of Commons, he declared Britain '* * * was proud and privileged to throw in everything she can into the common effort,' and that proposed expenditures would be covered to the extent of about 56% by tax revenues. In our own case, expenditures are being covered only to the extent of about 30% by tax revenues. The British are fortunate in possessing a true budget, in which the Chancellor of the Exchequer not only presents Parliament with estimates of expenditures during the forthcoming fiscal year, but also with a full and definite set of tax proposals. Our own so-called budgetary system bears only the faintest resemblance to that of the British. The adoption of a true budgetary system is one of the many reforms needed to place our financial house in order.

"In the United States we should strive to emulate the examples of England and Canada by covering a larger proportion of national expenditures by taxation and by the sale of bonds to the public. To the extent that we succeed, the Treasury will be enabled to make use of excess civilian purchasing power in the financing of its requirements, and will be forced to rely less upon commercial bank credit expansion. To the extent that we fail, the dangers of inflation will be increased."

Estimating future prospects, Mr. Aldrich said:

"If we are to avoid post-war inflation and over expansion; if we are to avoid the impoverishment of the middle classes, which have contributed the bulk of our nation's savings; if we are to avoid economic debacle, we must take appropriate measures now. We are at a crucial point in the battle against inflation. We must keep down the costs of production. We must not give way to the demands of organized minority groups for increased wages or higher commodity prices. We must make the rationing system work by practicing self-denial as individuals and by giving support to the enforcing agencies. We must siphon off an increasing proportion of popular purchasing power by taxation and by sales of war bonds. We must unceasingly preach the old-fashioned principle of 'work and save' and we must practice these doctrines in every phase of our national life. Only then will we be able 'to hold the line' against inflation. Only then will the purchasing power of the savings of the community be protected."

From Washington

(Continued from first page)

Why, in the name of goodness, with his ambition to make over the world he didn't come down to Washington in one of the earlier migrations of the professors, I don't know. The pickings were and still are good for those boys who got in on the ground floor.

But probably the bewilderment of it all left Fowler transfixed to his teaching job. Anyway, he bided his time until McNutt became one of the czars. He had been a McNutt disciple out in Indiana. In fact, that day at Chicago in 1940, when McNutt "gracefully withdrew" in favor of Henry Wallace and unity, Fowler cried unashamedly.

Well, the story since McNutt became Manpower Administrator is one of how an ambitious young fellow moves along in Washington these days. At first Fowler would just get a day or so off from his classroom lectures and come down as a per diem consultant. He was always as busy as a pea in a pod on those consulting trips, but we could never tell just what sort of consulting he was doing. In due time he came to be known around town as a man "close to McNutt." A large part of this town's industry is built upon "being close to somebody." Fowler was close to McNutt. The inevitable was bound to happen. He got a permanent office in McNutt's set-up, came to be known as the man really to be seen over there; then he became Deputy Administrator of Manpower.

First thing we knew, a lot of old and outmoded phrases came to issue from the McNutt melange, such, for example, as "left of center." That was an early New Deal phrase. The New Dealers are up on phrases, if nothing else, and they've dropped such things as "left of center" long ago and moved on to better ones. Regardless of the age of the phrase, however, it seemed strange that such as it should be issuing from McNutt quarters, he who is about as essentially radical as the First National Bank.

It was not long then before a lot of other uncharacteristic phrases began to flow from the Manpower headquarters, phrases about forcible transplanting of massed groups of workers, of compulsion, of freezing wages, freezing employment. McNutt, according to these representations, was developing into an unusually "strong" man, a picture which unquestionably delighted those who relish "strong" men these days. But it was an entirely different picture from that McNutt had given to the labor leaders when he sold them on letting him become Manpower Administrator. His troubles began to mount. Nothing was solved. The so-called manpower problem became more chaotic. McNutt couldn't imagine the source of the stew about him. He had little or no idea of Fowler's ambitious activities, little or no idea that Fowler was responsible for the tumult. He would be amazed to read in the papers that he was going to do this and that, things that were utterly foreign to his nature. It wasn't that Fowler was disloyal to him. Fowler thought he was making his chief a great man and also he had a lot of ideas about how the world should be run, and he was in a place to enunciate them.

The funny thing about it is that the unnamed "friends" of Fowler who were quoted in the papers represented him as taking the side of labor "against business" in McNutt's councils. The fact is that Fowler almost scared the AFL leaders to death every time he talked with them.

The new Washington journalism by which most any subordinate can get the ear of a Washington columnist or a young, inexperienced reporter and feed him "authoritative" stuff in return for the subordinate's being built up as a big man, is responsible in no small degree for the confusion. Prentiss Brown can't accomplish anything in his OPA because some of the young left-wingers, left-overs from Leon Henderson, rush to the newspaper boys and anonymously tell them that Prentiss is embarked upon a disastrous policy. Apparently no longer is it a case of the head of an agency being permitted to run it. There are commissars scattered all around him with the knack of catching the ear of the newspaper boys and not having to take responsibility for what they spread.

New Members Of N. Y. Chamber Of Commerce

At the monthly meeting of the Chamber of Commerce of the State of New York on May 6 four new members were elected. They are:

R. E. Gilmor, President of the Sperry Gyroscope Co., Inc.

Walter P. Hedden Director of Port Development of The Port of New York Authority.

Douglas W. Morgan, President of the Palisades Trust Co., Englewood, N. J.

Dr. Theodore M. Switz, Director of Export Department of the Hercules Powder Co., Wilmington, Del.

Bassett Heads Ass'n Of Mutual Savs. Banks

George J. Bassett, President of the Connecticut Savings Bank, New Haven, was elected President of the National Association of Mutual Savings Banks at the business meeting in New York City on May 7. Mr. Bassett brings to his new post a varied experience in business and public affairs, having formerly been head of the Savings Banks Association of Connecticut and Bank Commissioner of the State.

After graduation from school he entered the hardware business, with which he has been continuously identified from that time. Mr. Bassett became Vice-President of the New Haven Bank, N. B. A., in 1923, and served in that capacity until he was appointed Bank Commissioner of the State in 1931. Two years later trustees of the Connecticut Savings Bank invited him to the Presidency of that institution, and under his direction the bank has developed its service to the community along broad lines.

Other officers of the Association elected for the coming year are: Vice-President, Isaac W. Roberts, President of the Philadelphia Saving Fund Society, Philadelphia; Treasurer, Edmund P. Livingston, Vice-President, Union Dime Savings Bank, New York City, and Executive Secretary, John W. Sandstedt.

Accepting the presidency of the National Association of Mutual Savings Banks, Mr. Bassett had the following to say:

"It is the 'small savers' of the nation who are doing most to support the Government under war conditions. We never saw a better example of what the 'little man' can do than his contribution to the financing of this greatest of wars. Today almost 25,000,000 workers are fulfilling their payroll pledges every pay day to purchase War Savings Bonds.

"Likewise we have just witnessed consummation of the second Victory Bond drive, contributing added billions of dollars to the Treasury, financial operations surpassing any previous Governmental undertaking. A large share of this imposing sum was drawn from savings agencies which are custodians of the average man's reserve dollars. In this group of institutions, mutual savings banks take a leading part. With deposits of $10,500,000,000 belonging to 15,500,000 depositors, our institutions stand at their peak positions and are rendering to the Government maximum service in the distribution of War Savings Bonds and Stamps. Our first billion of bond sales is well within sight and we expect to achieve still greater results in the year ahead."

Money In Circulation

The Treasury Department in Washington has issued the customary monthly statement showing the amount of money in circulation after deducting the moneys held in the United States Treasury and by Federal Reserve Banks and agents. The figures this time are for March 31 1943, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $16,249,773,305 as against $16 087.533,935 on Feb. 28, 1943, and $11,565,766,034 on March 31, 1942, and compares with $5,698,214 612 on Oct. 31, 1920. Just before the outbreak of the first World War, that is on June 30, 1914, the total was $3 459.424 174.

Canada To Meet Third Quarter Newsprint Quota; Shipments After October 1 Uncertain

Assurance has been received from Canada that it will supply its quota of newsprint for United States use during the third quarter of 1943, WPB Chairman Donald Nelson announced on April 17. Canada is pledged to supply 90% of the newsprint shipped here in 1941, under an agreement which requires United States publishers to reduce their consumption by 10% of the amount used on Jan. 1, 1943. The delivery quotas are based on reduction of newsprint consumption to 100% of the tonnage each newspaper used to produce its net paid circulation in 1941, plus 3% for spoilage.

It was stated in Washington advices April 17 to the New York "Times" that American publishers had received a warning that day from Donald Gordon, Chairman of the Canadian Wartime Prices and Trade Board, that they must further reduce their consumption of newsprint if Canadian exports plus domestic American production are to be expected to cover their needs.

From the "Times" advices we also quote:

"In the first quarter of this year American newspapers, Mr. Gordon noted, reduced consumption by only 5% as compared with the first quarter of 1941. In March the reduction was still only 8.3% compared with March, 1941. Thus consumption is not being cut by the 10% which is necessary.

"The WPB announced today that at a meeting in New York this week the entire pulp and paper situation was reviewed. The Canadian representatives, he added, reaffirmed existing agreements to deliver to the United States 1,550,000 rough cords of pulpwood during 1943, plus 1,278,000 tons of woodpulp, in addition to the newsprint quota. It was agreed to hold further meetings whenever the pulp and paper situation called for it.

"The following representatives of WPB attended the New York meeting:

"Donald J. Sterling, consultant to the Chairman; W. G. Chandler, Director, and H. M. Bitner, Deputy Director of the Printing and Publishing Division, and A. G. Wakeman, Director, and David Graham, consultant of the Pulp and Paper Division.

"Representatives of the Canadian Wartime Prices and Trade Board at the meeting were R. M. Fowler, Secretary; R. L. Weldon, Newsprint Administrator; F. L. Mitchell, Technical Adviser for the Pulp and Paper Administration, and Monteath Douglas, Assistant Washington Representative of the Board."

On April 20, W. G. Chandler, Chief of the Printing and Publishing Division of the War Production Board, told the American Newspaper Publishers Association that further economy in the use of newsprint is necessary as wartime conditions make it impossible for Canada to predict shipments beyond October 1.

He pointed out that even a 10% cut would bring the calculations down to an estimated use of 3,536,000 tons in 1943, which is still 66,000 tons more than the yearly production of 3,470,000 estimated by Canada, Newfoundland and the United States.

May Quota Of New Tires For Rationing

The quota of new passenger-car tires for rationing in May is 1,006,882, compared with 1,058,000 for April, the Office of Price Administration announced on April 28. Certificates for purchase of these tires go to drivers whose mileage rations exceed 240 miles monthly and who do not have recappable casings. [The April new-tire quota was made up of 506,000 Grade I tires and 552,000 Grade II's, but these grade distinctions were dropped May 1 and all tires in both grades are being designated Grade I.]

Quota of used and recapped casings—Grade III's—for needed replacements on cars with monthly mileage of 240 or less, is 600,799 for May, against 598,000 for April.

Truck-tire quota for May, a month when commercial vehicle use of tires ordinarily increases, is 414,108 against 368,000 in April. No quota for truck-tire recapping has been assigned, since restrictions on the number of recapping certificates that may be issued were removed May 1.

Innertube quotas for passenger cars amounted to 735,781 for May against 736,000 for April, and for trucks amount to 434,355 for May against 338,100 for April.

Cartels Opposed For Post-War Business

Cartels will not be permitted to throttle small business after the war, Assistant Attorney Tom C. Clark declared at a special meeting of the American Business Congress at the Hotel Pennsylvania in New York on April 22. Mr. Clark told the group, which was formed to protect small business, that the Anti-Trust Division of the Department of Justice aims for the preservation of free enterprise, and he said:

"I can assure you there will be no witch-hunting, no uprooting of American customs or traditions; but there will be a practical, swift, hard-hitting law enforcement."

From the New York "Sun" of April 23 we quote:

"The danger facing America," asserted Mr. Clark, "is that the enormous industrial plants created for war purposes must be converted to peacetime production. The danger is that these plants will not be in competition and that general access to raw materials and markets upon which depends the peace and prosperity of the peoples of the world will be controlled by a small group which will set up its own trade barriers by private agreement—commonly known as cartels. We must not permit the re-establishment of the cartel system. It is the purpose of the Anti-Trust Division to prevent such a move and to do it now."

Mr. Clark declared that the war has created a monopoly in industry—that at the start of the war program in this country 175,000 companies provided 70% of the nation's manufacturing output, while today 100 corporations hold 70% of the war and essential civilian contracts. He said that this group has obtained the bulk of the $14,000,000,000 worth of new plants built at Government expense.

Inter-American Coffee Agreement To Be Extended

The Inter-American Coffee Board in Washington announced on April 26 that the Inter-American agreement, a commercial treaty signed by 15 American republics, has worked so successfully that it has been unanimously decided by the participating countries to extend the life of the agreement until October, 1944. Final formalities connected with the authorization for this step are now under way, it was stated in Washington advices April 26 to the New York "Herald-Tribune" which added:

"This announcement coincides with publication of the first official report of the Inter-American Coffee Board, the official body charged with administration of the agreement. In some respects this agreement is a unique document in diplomatic annals and it has frequently been cited as furnishing a possible guide for post-war international agreements in other fields.

"The agreement signed in Washington on Nov. 28, 1940, went into effect April 15, 1941. It was ratified by the United States Senate and the governments of the 14 Latin-American coffee-producing countries. They are Brazil, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Peru and Venezuela.

"A unique feature of the agreement, is that it marks the cooperation of a consuming country having no producers of its own with the producing countries supplying its market. The agreement sets up quotas for each of the Latin-American producing countries, establishing the amount of coffee which each may deliver to the United States market during the year. Provision also is made for emergency increases in the quotas to prevent any shortage of coffee in the United States market."

Business Executives Hope To Avoid Disastrous Post-War Inventory Deflation

Although many painful adjustments are considered inevitable, most executives consulted by the Division of Industrial Economics of The National Industrial Conference Board in a survey just completed are hopeful that a general, disastrous post-war inventory deflation will be avoided. Two-thirds of the companies reporting to the Board experienced serious inventory losses following World War I. The Conference Board's announcement explained:

"Most executives consider the pattern of events following the last war as no criterion for the future. Outstanding in this war has been the avoidance so far of a general price rise as steep as occurred in the last war. Conservative pricing, wide use of 'Lifo' and protection clauses in many war contracts are also believed by reporting cooperators to be factors militating against severe inventory difficulties at the end of hostilities.

"About half of the companies anticipate a decline in their inventories during the next six months. Government allocation of numerous materials through the Controlled Materials Plan is an important reason why some executives look for a decline in inventories in various lines. Voluntary and involuntary production and sales curtailment of nonessential goods also tend to reduce stocks, as do the increasing difficulty or impossibility of obtaining adequate supplies and the inability of replenishing stocks as fast as sales deplete them.

"To protect against possible devaluation of supplies resulting from the termination of war and cancellation of war contracts, about four-fifths of the reporting business executives have set up reserves, or expect to do so this year.

"Three-fifths report that inventories have grown with sales, although sales have in many instances outdistanced inventories. This condition is particularly apparent in the heavy machinery and other durable goods industries engaged in war production. Nearly 30% state that their sales have increased while stocks declined or were unchanged. A negligible percentage indicate a decline in sales and an increase in inventories, a condition reflecting Government restrictions.

"The rapid and extensive expansion of production facilities and increased sales because of the war have contributed to the general rise in inventories during the past year. Other factors include rising costs; Government freezing of supplies for war use; protection against higher prices; shortages of labor, materials and transportation; inability of customers to accept material as scheduled and the need to build up and hold larger supplies of maintenance materials."

Farm Machinery Is Sufficient For Normal 1943 Food Production, Says Dr. McKibben

American farmers are equipped for a nearly normal food production in 1943 provided a reasonable farm labor supply is made available, but they are not equipped for maximum production with minimum labor, Dr. E. G. McKibben, Consultant for the Farm Machinery Division of the Equipment Bureau of the War Production Board declared on April 21. Mr. McKibben spoke before the two-day food conference at the Hotel Commodore, New York City, sponsored by the Commonwealth & Southern Corp.

Other speakers on the program were: G. A. Rietz, in charge of the Farm Electrification Section, General Electric Co.; L. F. Livingston, Manager of the Agricultural Division, E. I. du Pont de Nemours & Co., and A. P. Yerkes, Director of Farm Practice Research, International Harvester Co.

The conference was attended by about 200 farm specialists whose employers, ten operating utility companies, were pioneers in farm electrification in the United States. Justin R. Whiting, President of the Commonwealth & Southern Corp., presided.

Commenting on the rapid development of the public utility industry, Mr. Whiting in his speech opening the conference said that the gross revenue of the entire industry in 1906 was $145,000,000. "Last year the revenue of Commonwealth & Southern alone exceeded $189,000,000," Mr. Whiting said. "That shows you what a virile, young industry we are and the job that has been done, in large part as a result of the development of the holding company since the last world war."

Dr. McKibben's subject was, "The Farm Machinery Situation." "The amount of farm equipment needed depends upon what level of food production is expected," he said, "and what level of labor can be made available. While mistakes which may have been made in the 1943 machinery program may affect the 1943 food production program adversely, particularly from the standpoint of farm morale and consumer psychology and while they certainly should not be repeated, they are hardly of the proportions of a national catastrophe."

In his talk on "The Manufacturers' Viewpoint of Farm Electrification," Mr. Rietz declared that the important part electricity is playing in food production and the larger part it can play, if given its just place in the farm equipment picture, apparently is not fully appreciated.

Over 50,000,000 pieces of farm equipment on the more than 6,000,000 American farms must be kept in working order if our food production program is to proceed without serious interference, Mr. Yerkes declared, after asserting that upon the maintenance and care of such equipment depends our entire food supply and upon that food supply the outcome of the war may depend.

Speaking on "Research on the Farmers' Problem," Mr. Livingston told the conference that numerous new products and new processes, most of which work is unheralded and unseen by the general public, are today contributing importantly to the unprecedented war effort on all Allied fronts.

Treasury To Borrow $70 Billion This Year

As the $13,000,000,000 Second War Loan drive was launched on April 12, Secretary of the Treasury Morgenthau disclosed that this campaign is only the starting gun of a $70,000,000,000 borrowing program to finance the war this year.

Of the $70,000,000,000 total, the Government expects to borrow $25,000,000,000 from the people.

The banks are expected to contribute a third of the grand total, with the remainder coming from corporations, insurance companies, savings institutions, State and local governments and from the Federal Government's own investment funds.

The Treasury estimates that expenditures for all purposes this year will be about $100,000,000,000 and will be financed by some $30,000,000,000 of tax receipts and $70,000,000,000 of borrowings.

The financing plans call for the borrowing of $20,000,000,000 in the first four months of 1943, $25,000,000,000 in the second four months and $25,000,000,000 in the final period.

The Treasury's official estimate of where the $70,000,000,000 is coming from follows:

Individuals, $25,300,000,000; other non-banking sources such as corporations, $13,100,000,000; insurance companies, $3,300,000,000; savings institutions, $1,800,000,000; Federal, State and local government trust funds, $500,000,000.

The total from non-banking sources is $47,900,000,000 and from commercial banks $22,800,000,000.

The Treasury said the $25,000,000,000 from the people is a minimum goal and that it expects much more from them.

The Treasury estimated that total payments (wages, salaries, interest and dividends and other earnings) this year for the Nation's 63,000,000 income earners would be $132,000,000,000 and that personal taxes would absorb $13,000,000,000 and consumer spending will use up little more than $74,000,000,000, leaving $45,000,000,000 for personal savings. It is from this that it hopes the people will lend at least $25,000,000,000.

Lend-Lease & WSA To Guarantee War Loans

President Roosevelt authorized the Lend-Lease and War Shipping Administrations on April 26 to guarantee and provide funds for loans which the War and Navy Departments and the Maritime Commission have made to small business for the benefit of the two agencies. Associated Press Washington advices likewise reported the following:

"The authorization followed up an executive order of March 26, 1942, permitting the War and Navy Departments and the Maritime Commission to guarantee or make loans necessary for war production to increase participation by small business concerns.

"The Lend-Lease and War Shipping Administrators, under provisions of the new order, may 'enter into guaranties, agreements of indemnifications, agreements to provide funds and other financing arrangements' with the War and Navy Departments and the Commission and 'to pay out funds' in conformance with the agreements."

Agricultural Department General Crop Report As Of May 1, 1943

Crop prospects declined in most parts of the United States during April and were much less promising than at that time last year. In portions of several southwestern and west central States drought conditions developed to a point where crop losses had begun, but growing conditions were quite favorable in the Pacific Northwest, good in the main Corn Belt and fair to good in other areas east of the Mississippi River. Since May 1 rains have relieved the situation in part of the Southwest.

During April the rainfall in the area between the Mississippi River and the Rocky Mountains averaged about 30% below normal for the month. In South Dakota, New Mexico, western and southwestern Texas and western Oklahoma crops and ranges were suffering for lack of rain. Larger areas, including southeastern Montana, eastern Wyoming, part of eastern Colorado, southern Minnesota, Nebraska, western Kansas, eastern Oklahoma and much of Texas were dry and needed rain soon to prevent crop deterioration; but in most of these areas the subsoil still held considerable moisture and conditions were far better than at this season in the severe drought years. Most portions of North Dakota, Montana and parts of Colorado have had fair rains late in April. In Iowa the moderately dry weather, while not favorable for oats or hay, may help farmers to plant their full acreage of corn in good season. In this whole group of States between the Mississippi and the Rockies good growing weather during the rest of May could more than offset the unfavorable start.

East of the Mississippi River late frosts, severe freezes or alternate freezing and thawing have caused extensive damage to fruit crops, to early Southern vegetables and to some corn and cotton in the South. These conditions also caused somewhat more than the usual damage to winter wheat, winter barley, clover and alfalfa, delayed the opening of the new pasture season and retarded the progress of farm work, but may not materially reduce total agricultural production. In this area moisture conditions were quite generally favorable in early May and farm work was going ahead rapidly. In the Northeast the very late start of the planting season may prevent some farmers from carrying out their plans, but on the whole the delay does not seem likely to be important unless complicated by additional unfavorable weather.

West of the Rockies there has been a lack of rain the South but ample rain in the North. Western Colorado, western New Mexico, Utah, Nevada and Arizona need rain for ranges, for such dry-land crops as are grown and for some of the irrigation systems which depend on current rainfall. In Idaho, Washington and Oregon the severe winter damaged some wheat and there has been some frost damage to early blooming fruits, but in these States and California there have been good winter rains and there is an abundance of snow in the mountains and of water in storage for irrigation. In the Pacific Coast States, more than in most other parts of the country, industrial developments have absorbed many agricultural workers and small farm operators, but the strong demand for farm products of the area assures full utilization of most of the available crop land.

The hay crop appears to have had about an average start, but loss of alfalfa during the winter evidently was rather heavy. Growing conditions were still favorable in Wisconsin and Minnesota on May 1, but much more rain will be needed soon. Further east, grass is late but prospects seem not far from average. Unless there are good rains in May and the wild hay crop of Nebraska and South Dakota will be short. Allowing for about average production of kinds of hay not yet planted, present prospects are for a hay crop about equal to the average production during the last five years but 10 or 11% smaller than the record crop cut last year. Allowing for the large carryover from last year's hay crop and for the expected further increases in livestock, the supply of hay per unit of livestock next winter seems likely to be little more than the average during the predrought period, but substantially less than during the last five years. The quantity utilized last winter was the largest in many years owing to the very large number of consuming livestock and to exceptionally heavy feeding per head.

Prospects for winter wheat have declined quite generally and conditions on May 1 indicated prospects for a below-average crop of 515,000,000 bushels. This would be 43,000,000 bushels below prospects on April 1 and more than 100,000,000 below the very favorable prospects reported last fall. Rye production is estimated at less than 37,000,000 bushels, which would be about an average crop.

Rough approximations of the expected total production of commercial truck crops for the fresh market in 1943 indicate a reduction of 14% from the production in 1942. Plantings of cucumbers, cantaloups and watermelons have been reduced sharply and, excluding these crops, expected production in 1943 may be only about 10% below last year. Carrots and snap beans are about the only market vegetables now expected to show increases in production over last year. The decrease in commercial truck crops will, however, be offset to an unknown extent by the widespread increase in home gardens. Acreages of vegetables for canning and processing reported to date show an increase of about 3%. Excluding cucumbers for pickles, which show a material reduction in acreage, the increase is 4%. As yields of a number of these crops were unusually high last year, production in 1943 does not seem likely to equal last year's unprecedented total.

Production of peaches in 1943 will be light, particularly the early crop in the Southern States, where winter and spring freezes caused serious damage to fruit buds. Other deciduous fruits escaped freeze injury except locally in some States.

Wheat

The indicated 1943 winter wheat production is 515,159,000 bushels, the smallest since 1935, 27% less than the 1942 crop and 6% below the 10-year (1932-41) average. This production allows for wheat which is expected to be harvested from a relatively large acreage of "volunteer" wheat in western Kansas, parts of adjacent States and Texas. The acreage remaining for harvest—33,310,000—is 7% less than last year. Prospective abandonment from winter kill, insects, soil drifting and other causes, including diversion to purposes other than for grain, is estimated at 11.1%. This figure is compared with 10.4% indicated on April 1, 7% for 1942 and 20.6% for the 10-year (1932-41) average. Abandonment due to winter killing is heavy in Ohio, Indiana, Illinois and other important soft wheat producing States. Abandonment also has been very heavy in the Pacific-Northwest, Montana and South Dakota because of poor plant development last fall and severe damage from low winter temperatures. Heavy loss of acreage in New Mexico can be attributed largely to dry soil conditions. In the southern great plains timely rains early in April relieved the acute shortage of surface moisture but top soil was beginning to be quite dry by May 1. Subsoil moisture supplies are below last year in the western great plains, but with moderate replenishment should carry the wheat crop to harvest. Cold dry weather prevailing during much of April retarded wheat growth and reduced moisture requirements. Green bugs have caused some loss in Oklahoma and parts of Texas. The indicated yield on May 1 is 15.5 bushels per harvested acre, compared with 19.7 bushels last year and an average of 14.3 bushels.

Early Potatoes

Condition of the 1943 early Irish potato crop in the 10 Southearn States and California was 78% on May 1, the same as on May 1 last year but 2 points above the 10-year (1932-1941) average condition of 76% on May 1. April growing conditions were quite favorable in Alabama, Mississippi and Louisiana, but frost damage and continued cold weather held back the potato crop in the Carolinas and Georgia. The combined condition for the 11 States was unchanged from April 1.

Harvest of the **North Florida** potato crop began about the first of May after being delayed about three weeks by freezes. With recent excellent growing weather the condition has improved remarkably and indications point to a fair yield. In **Alabama** digging of commercial early potatoes began about May 1 with the crop generally in excellent shape. The **Louisiana** crop was retarded early in the season by freezes and cold, wet weather. April weather, however, was quite favorable and potatoes made good progress. Carlot movement began April 30.

In California harvest is in full progress and crop prospects continue to be very favorable. Quality of the early harvest has been exceptionally good.

Lawson Heads ABA Ration Coupon Banking

Appointment of Wilbur F. Lawson, Vice-President of the First National Bank of Boston, as Chairman of the Ration Coupon Banking Committee of the American Bankers Association, is announced by W. L. Hemingway, President of the Association, effective May 1. Mr. Lawson succeeds Rowland R. Hughes, Comptroller of the National City Bank of New York, who asked to be relieved of his responsibility because of the pressure of other duties. Mr. Hughes has been Chairman of the Committee since the inception of the ration banking project. Mr. Lawson has been an active member of the Committee from the start of the ration coupon banking program and has served with the Sub-committee which has been working out the problems and details of the program with the OPA.

SEC Repeals Rule

The Securities and Exchange Commission on May 1 announced the repeal of Rule X-3 A 12-1 of the General Rules and Regulations under the Securities Exchange Act of 1934. This was a rule which granted temporary exemption of certain passbooks and assignments of claims traded on the Cleveland Stock Exchange from Sections 7, 8, 12 and 13 of the Securities Exchange Act of 1934.

This action, the SEC explained, is taken as a result of information received from the Cleveland Stock Exchange that it has discontinued trading in passbooks of building and loan companies and savings and loan companies, as well as in assignments of claims of banks in liquidation.

U. S. Has Economic, Political Responsibility To World In Post-War Period, Says Dr. Coombs

Dr. H. C. Coombs, Director General of Post-War Reconstruction in Australia, speaking at the 175th annual meeting of the Chamber of Commerce of the State of New York on May 6, declared that it was important that the men in the United States who make decisions in the field of economic activity—business men, bankers, public servants and politicians—should be aware that our economic policy is no longer "merely a matter of domestic concern."

He said that more than any other country the United States in the post-war period will determine the character of the economic background against which other countries will be obliged to solve their problems. "Upon what you do depends whether we (Australia) will be able to do the things we want," he added.

"The United States has a responsibility not merely to its own population, but to the world as a whole," Dr. Coombs, who is a delegate to the United Nations food conference at Hot Springs, Va., said. "There is evidence in this country of an increasing awareness of that responsibility which shows itself in an increasing willingness to participate in international collaboration, both economic and political." He went on to say:

"This tendency is, to us at least, welcome, but I should like to emphasize a feature of United States responsibility which in the first enthusiasm for these new-found international responsibilities may tend to be forgotten. That is, that the most important thing which the United States can do for the rest of the world is not in the international field, but in its own domestic field. If the United States as a matter of domestic policy ensures a high level of production and employment, rising incomes and standards of living for the mass of its people, then it will by that very action be creating an economic situation in the world as a whole in which all countries will be better able to solve their own problems."

Dr. Coombs warned that the chance of securing "tolerant, objective and intelligent action" in the field of international collaboration in the reduction of trade barriers depended upon prosperous conditions in the individual countries. He said:

"Once security of income and employment, however, is threatened all hope of liberalization and increasing sanity in international policy goes by the board. To a people threatened with unemployment and idle resources, no restrictions on the freedom of trade, however selfish, are too severe and no relaxation of trade barriers, however justifiable, is within the field of practical politics."

Dr. Coombs said that the success in solving the specific problems of demobilization from war to peace, in the case of Australia at least, would depend upon how well the major task of building an expanding economy, in which resources were fully employed, was carried out. He stated:

"This is a problem which should be solved in different ways in different countries in accordance with their traditions. In Australia we have long accepted public investment as one of the mainsprings of economic activity. We expect that in the post-war period the part played by governments, and other authorities will increase rather than decrease. Public opinion looks in the post-war period for planned housing, for the provision of community facilities, schools, libraries, hospitals, health centers, playing fields, and the like, for the modernization and extension of our transport system, for large scale regional development projects that will decentralize industry and bring the amenities of the city to country dwellers. These are things which, in Australia at least, can be done effectively only by public authorities."

President Suspends Wheat Import Quotas

President Roosevelt on April 30 suspended limitations on wheat and flour imports, acting on recommendation of the Tariff Commission. The action, designed to permit the importation of surplus wheat from Canada and Australia for feed purposes, applies to wheat and wheat flour purchased by the War Food Administration or any agency designated by the Administrator.

In Washington advices to the "Wall Street Journal" of May 1 the following was reported:

WFA already has purchased about 7,000,000 bushels of Canadian wheat for shipment to this country as soon as Great Lakes facilities become available. This grain and other quantities expected to be brought from Canada in the near future will be sold to livestock feeders at prices in line with corn and other feed grains.

Chester C. Davis, War Food Administrator, has not indicated how much wheat the Government plans to buy from Canada and Australia, but there have been reports purchases may exceed 100,000,000 bushels this year. Grain secured from Australia would be brought back as ballast in ships used to send military supplies to the Southwest Pacific.

Millions For Land Army

President Roosevelt signed on April 29 the legislation appropriating $26,100,000 to assist in providing an adequate supply of workers for the production and harvesting of agricultural commodities essential to the prosecution of the war.

The amount would be apportioned not less than $9,000,000 or more than $13,050,000 to the Agricultural Extension Service for intrastate movement of workers. The other $13,050,000 would be available to the Administrator of Food Production and Distribution for interstate movement of farm labor.

The $26,100,000 appropriation was the original amount approved by the House on March 17 by a vote of 195 to 81. The Senate voted on April 8 to appropriate $40,000,000, but the Senate-House Conference Committee agreed on the House figure. The House approved the conference report on April 15 and the Senate on April 16.

The Department of Agriculture had asked for $65,075,000 to run the land army program and favored the plan handled by the Farm Security Administration. Congress, however, placed the funds under the direction of the Agricultural Extension Service of the Federal Government, in cooperation with State extension services.

Anglo-U. S. Parley On Refugee Problems Ends; Recommendations To U. S. & British Govts.

The Anglo-American conference on refugee problems at Hamilton, Bermuda, was concluded on April 29 after an 11-day meeting with the delegates agreeing on "a number of concrete recommendations," which they feel "will lead to the relief of a substantial number of refugees of all races and nationalities."

At the closing session, which was open to the press, members of the two delegations signed a joint report for submission to their respective Governments and issued a statement outlining in general terms the scope of their discussions.

The statement emphasized that the refugee problem "was broken down into its main elements" with the questions of food, shipping and supply fully investigated. However, it was pointed out, the delegates were limited in their recommendations in that no measures could be effected which might interfere with or delay prosecution of the war effort of the United Nations and by the fact that the proposals had to be capable of accomplishment under war conditions.

The statement, as contained in press advices from Hamilton April 29, follows:

"The United States and United Kingdom delegations examined the refugee problem in all its aspects, including the position of those potential refugees who are still in the grip of the Axis powers without any immediate prospect or escape.

"Nothing was excluded from their analysis and everything that held out any possibility, however remote, of solution of the problem was carefully investigated and thoroughly discussed.

"From the outset it was realized that any recommendations that the delegates could make to their governments must pass two tests; would any recommendation submitted interfere with or delay the war effort of the United Nations, and was the recommendation capable of accomplishment under war conditions?

"The delegates at Bermuda felt bound to reject certain proposals which were not capable of meeting these tests.

"The delegates were able to agree on a number of concrete recommandations which they are jointly submitting to their governments and which it is felt will pass the tests set forth above, and will lead to the relief of a substantial number of refugees of all races and nationalities.

"Since the recommendations necessarily concern governments other than those represented at the Bermuda conference, and involve military considerations, they must remain confidential.

"It may be said, however, that in the course of the discussion the refugee problem was broken down into its main elements. The questions of food, shipping and supply were fully investigated.

"The delegates also agreed on recommendations regarding the form of inter-governmental organization which was best fitted in their opinion to handle the problem in the future. This organization would have to be flexible enough to permit it to consider without prejudice any new factors that might come to its attention.

"In each of these fields the delegates were able to submit and agreed upon proposals for consideration by their respective governments."

It was stated in United Press accounts that while the report on the conference of the American and British representatives is expected to remain confidential until both governments concerned decide its contents can safely be revealed, it is believed to be along the following lines:

1. A declaration of Anglo-American determination to aid war refugees wherever such measures do not interfere with military operations, and a statement that the refugee problem is not confined to any particular race or creed;

2. An analysis of shipping difficulties, with recommendations for utilization of whatever facilities are available;

3. Recommendations for broadening the activities of the Inter-Governmental Refugee Committee beyond its present limitations;

4. A detailed recounting of possible havens both in neutral States and among the United Nations;

5. A recommended procedure for financial guaranties to any country caring for refugees, such procedure to be sponsored by the various governments involved;

6. Agreement that Palestine and American immigration quotas are outside the scope of the conference;

7. Rejection of all proposals of bargaining with Fuehrer Adolf Hitler for release of refugees without barring completely all avenues of escape for such persons in occupied territories.

The same advices said:

The American delegation was headed by Dr. Harold Willis Dodds, President of Princton University, and the British delegation by Richard K. Law, Parliamentary Under-Secretary of the Foreign Office. Law is expected to leave here for the United States to head Great Britain's delegation at the impending United Nations food conference at Hot Springs, Va.

Post-War Committee Of Republican House Members Appointed

Announcement of the appointment of a Republican Committee of 33 House members to study post-war domestic problems was made on April 25 by Representative Joseph W. Martin, the minority leader. Representative Charles A. Wolverton of New Jersey heads the Committee; among those named by Mr. Martin to serve with Representative Wolverton was Representative Dirksen of Illinois, one of the original proponents of post-war planning, says the Associated Press, which added:

"A leader in the recent move that resulted in House refusal to appropriate funds for the National Resources Planning Board, Dirksen said he believed the responsibility for solving post-war problems rested primarily on Congress.

"Congress has a duty and a responsibility to face this thing squarely," Representative Dirksen said. "The problems that will arise in the post-war period will be big ones, and upon their solution may depend whether we shall enjoy an enduring peace or must go through another war. It is up to Congress to do its own planning for the future and not to depend on the bureaucrats, and we must tackle the job now."

Representative Martin was quoted in the New York "Times" Washington advices as saying:

"The aftermath of the war will find the country confronted with grave domestic problems. Industry, mining, agriculture and every other phase of American economic life will face serious dislocations. We must be prepared for these problems so that we can avoid disaster, keep the nation solvent and provide steady employment for our people. We must begin our preparations now.

"Cancellation of war contracts, the reconversion of industry from a war to a peacetime basis, the adjustment of the Government financial interests and control of industry — all present problems which challenge the best statesmanship of the nation. The adjustment of those problems will determine what kind of life and government we will have in America.

"The Committee will study these problems and be prepared to advocate or oppose measures as will best promote a better life for the people of America.

"The large Committee will divide itself into many subcommittees so as to study minutely the many phases of the different problems."

Besides Representatives Wolverton and Dirksen the members of the Committee are: Representatives Rogers (Mass.), Holmes (Mass.), McWilliams (Conn.), Wadsworth (N. Y.), Kilburn (N. Y.), Taylor (N. Y.), Powers (N. J.), Rodgers (Pa.), Miller (Pa.), Ditter (Pa.), Griffiths (Ohio), Bolton (Ohio), McGregor (Ohio), Schiffler (W. Va.), Halleck (Ind.), Harness (Ind.), Calvin D. Johnson (Ill.), Arends (Ill.), Bradley (Mich.), Keefe (Wis.), Judd (Minn.), Dondero (Mich.), Lecompte (Iowa), Hoeven (Iowa), Curtis (Neb.), Ploeser (Mo.), Arnold (Mo.), Dworshak (Idaho), Mott (Ore.), Englebright (Calif.), Hinshaw (Calif.).

President Urges DAR To Increase War Aid

American women must take an ever-increasing part in production of arms to smash the Axis because "in a profound sense, it is a women's war," President Roosevelt said in a message on April 17 to the congress of the Daughters of the American Revolution at Cincinnati.

In reporting this, United Press advices from Cincinnati quoted the President as saying:

"It is a women's war, first, because we have never before faced an enemy whose pronounced policy has been the degradation of womanhood, whose ultimate design is to build a world where women everywhere will be slaves.

"In shops and in offices, in factories and on farms, women are doing men's jobs, that men may be free to do the supreme job of beating the Axis.

"Women have played heroic roles in every crisis of our history, but no other crisis has so deeply threatened their freedom, or so urgently demanded their strength."

Calif. Business Declines

California business activity declined during March for the first time since 1942, according to the Wells Fargo Bank & Union Trust Co. of San Francisco. The bank reports that the March index stood at a preliminary level of 246% of the 1935-39 average, as compared with a revised level of 250.6 in February and 195.8 in March, 1942. Of the four factors on the index, department store sales and car-loadings were down from the previous month, while bank debits and industrial production registered gains. It is further stated:

"Sales volume of certain lines made outstanding gains in February over the February, 1942 volume. Women's ready to wear store sales increased 141%; shoe, dry goods and general merchandise stores, 79%; men's clothing and furnishings stores, 67%; family clothing stores, 61%; liquor stores, 59%; eating places, 54%; jewelry stores, 39%; and food and drug stores, 36%. Losses in sales volume in the automotive group were 21%; in the furniture-household-radio group were 4%, and in the lumber-hardware-building group, 6%."

Industry Must Assume Initiative In Creating Jobs After The War To Preserve Free Enterprise

American Business Congress Declares Key Problem Of Post-War Era Is Employment

Only by assuming, among other responsibilities, the initiative in creating jobs immediately after the war's end for the millions of returning soldiers and displaced munitions workers can industry hope to insure the preservation of the free enterprise system, it is asserted by the Post-War Economic Planning Committee of the American Business Congress in its initial report of its deliberations, made public May 2.

Entitled "Concepts on Post-War Planning," the report stresses employment as the key problem of the post-bellum period. In it are summarized the views of more than 100 committee members from virtually every State, representing, it is said, under the Chairmanship of Benjamin A. Javits, lawyer, author and economist, such diverse groups within the nation as industry, banking, labor, agriculture, education, journalism and the legal profession. It is stated that the Committee fears that unless this problem is solved by industry, with the cooperation and coordinated help of the Federal, State and municipal governments, the free enterprise system will give way to a form of State socialism. Labor, it is felt, should be guaranteed freedom from want and freedom from fear by industry as well as the Government, with the latter providing, through the RFC, loans to corporations as a means of maintaining employment.

The report points out:

"Profit sharing meets with wide acceptance by Committee members. If generally practiced, such a program is foreseen as eliminating labor strife, increasing production, reducing costs and, if lower costs are passed on to the consumer, enlarging markets, thereby insuring continuity of employment. Labor's productivity, however, should be the criterion upon which plans for the sharing of profits should be based."

Among requisites for the survival of competitive capitalism, the report insists, is the organization of the industrial forces—labor, capital, technicians and management — upon a common basis to accept the responsibility of full employment and profitable production. Coincidentally, it is felt that industry should map its obligations to serve the public "if it is to be granted its full rights to rule over its own dominions."

The report voices the Committee's conviction that agriculture be organized as a part of business and industry. Representatives of both groups, it is recommended, should strive for equilibrium in their respective price structures. Moreover, the report suggests, they should work together in developing new industrial uses and processes for agricultural products to the end that farming, with industry's help, may become profitable. In further indicating its views the Committee says:

"More coordination along economic lines, is a pressing need. Every business, small or large, should become a member of its respective trade association to be best organized for war and peace. Organization of stockholders' unions is recommended to provide a constituency for management and to give the investor a voice in management. The Committee also favors the formation of a National Economic Council representing all industrial components."

In the Committee's opinion, intelligent and constructive expansion of credit is deemed essential to winning the peace. With reservations, it favors the creation of a fund to facilitate the conversion of industry to peacetime operations. Also, but with definite limitations, it recommends the extension of credits for the rehabilitation of the nations of the world and for their industrial development. The size of the national debt, it holds, need not arouse concern "if the economic system produces fully." The report likewise says:

"That a reasonable profit for labor, capital and management is essential is the Committee's unanimous conviction. In actuality, profit is a social necessity. As a good citizen, the business man must provide in his prices enough to cover the cost of labor, materials, contribution toward the cost of Government, reserves for depreciation and for general unemployment, as well as earnings to make new capital attractive."

Other matters discussed in the report are the Committee's deliberations on such subjects as "Congress of the Free Enterprise System," "Peace and World Reconstruction," "Mobilization of Economic and Geographic Groups," and "Tolerance and Education." Prefacing the report is the Committee's belief that the course of economic events after the war will adhere, with variations to the historic pattern of the past.

War Adv. Conference In New York In June

The Advertising Federation of America will hold a War Advertising Conference at the Waldorf-Astoria in New York City, June 28, 29 and 30, to plan intensifying of advertising's part in the war effort, and particularly to further the work of war advertising committees in local communities throughout the country. The conference this year takes the place of the Federation's annual convention which has been a high point in organized advertising for many years. The Federation's announcement April 15 stated that visual demonstrations of war-time advertising will be a feature of the three-day program. These demonstrations will be presented by the Office of War Information, the Advertising Council, and by national associations representing various advertising media. It is added that cooperation with official government bodies and tying-in with war programs will be the chief subjects for the Federation's Conference. Speakers will include important leaders both in government and advertising, to be announced later.

Gardner Cowles, Jr., Director of Domestic Operations of the Office of War Information, commented in a letter to the Federation:

"I see in this a splendid opportunity for a large-scale demonstration of war-time advertising, and by means of conferences with the leaders in the local areas we can consider ways and means of improving our efforts toward the end of speeding the day of victory."

Due to the limitations on war-time civilian travel, attendance at the conference will be largely restricted to delegated representatives of advertising interests from all parts of the country and these selected individuals will report on the proceedings of the conference to their local associates.

Economic Salvation Is Plenty, Not Scarcity Says Schram Urging Doctrine Of Abundance

(Continued from first page)

to serve society. Restrictions on the creative genius and the productive capacity of the American business man and industrialist are infinitely more dangerous to our American way of life and much more likely to cause anemic markets than any type of regulation which we can anticipate now."

Saying it is apparent that there is a conservative political reaction in progress, the Stock Exchange head further declared:

"If I judge present-day currents of thought correctly, the people are re-affirming their faith in our free institutions — they are expressing their attachment to our traditional way of life. Since our free enterprise economy is the very heart of that way of life, we may safely assume, I believe, that we have decided, after a period of confusion and perplexity, that we would not exchange our present system for any other. It is especially heartening that we have reached this conclusion because it seems to me that for some years we have attempted to mix the practice of capitalism with the philosophy of socialism while we were trying to decide. We have not, of course, given capitalism a fair chance. We have given socialism an unfair advantage. That is why I am so encouraged—we have rejected socialistic principles after giving them a thorough trial under circumstances favorable to them.

"The present incentive of American industry, quite rightly, is patriotism rather than profit. I might observe that, unless there is enough patriotism to bring victory over the Axis, there will be no profits. So, while we are not now working for profit, in the ordinary sense, we certainly are working for the right to profit.

"The contribution of American industry to the war effort thus may be regarded as a measure of the extent to which the system of private enterprise, which is the American way of life, is cherished by labor and management alike. It is tremendously encouraging that the economic system in this country is working so competently in this emergency. It is working well because men have an incentive and understand exactly what that incentive is.

"However dissatisfied the country may be with some phases of the war management, no one can gainsay that management and labor are turning in a superlative performance in the production of the sinews of war. When the history of this war is written, it will be recognized that it was won on the home front in America just as much as in the air, on the sea, or on the field of battle. American industry and American labor have aroused themselves spontaneously to amazing feats.

"But the great patriotic urge, which is expressing itself now, soon must be replaced by the more normal and less prosaic incentive to earn a profit and a wage. If the incentive of unlimited accomplishment is permitted to operate, the American way of life will perform miracles as great in peace as it is now performing in war. If we tell men that they may earn just so much and no more, if we develop the suspicion that large earnings are socially uncouth, if we advance farther in taking from the prudent and productive to maintain the improvident and the indolent, if we teach that idleness is a virtue and work is a curse, if we cultivate jealousy toward the successful and if we encourage those who fail to remain failures, we shall weaken the moral fibre of our people and the American way of life will decay.

"What we Americans want is production to create an ever-rising standard of living. Our wants and ambitions are unlimited. We want the fun of gratifying them. We are willing to work, and we are unwilling to be idle. Our traditional procedure is to reward without limit those who give us what we want. When we begin to tell people that they can have so much and no more, regardless of their contribution to society, we are dimming the spark of initiative and making a frontal attack on the whole system of free enterprise.

"I believe that in this country our political leaders have too long discounted and discredited the profit incentive as an instrument of human progress. It is an elemental instinct of American life. It is as firmly imbedded in the laborer and in the small business man as in the great industrialist. Without it, our enterprise loses its mainspring; and when it is not nurtured, that mainspring becomes like a piece of fatigued metal. Let us not be deceived. So long as we have free enterprise and private property—so long as we do not become a socialistic or a communistic state — we must have profits and the profit incentive. In the post-war world our government will have to nourish, rather than merely tolerate, the profit motive. And I have no doubt that it will do so.

"But most important of all, the American people and their government must realize that there can be no such thing as over-production in our national economy. If there is a lack of balance between supply and demand, it is not due to over-production, but to under-consumption. There never has been a time in our history when there was as much need for emphasis on production as there is today. Production is winning the war; and production will win the fight against inflation and will win the peace when nothing else can. Inflation thrives on scarcity; it cannot exist in the midst of plenty.

"All that is necessary to prevent or arrest an upward spiral of prices in the post-war economy is an abundance of goods that the people want. It is an historic fact that inflation after wars in all countries has been controlled almost wholly to the extent that the supply of goods kept pace with demand.

"We must put away that economic heterodoxy that it is the function of government to reduce the supply of commodities, goods or services, in order to maintain the price. The controlling objective should be more and cheaper goods, not less goods at higher prices. We did not overproduce in 1929; we under-consumed. We did not raise too much wheat and too much cotton in the early 1930's; we did not use enough. Labor does not gain by limiting output. By doing so it deprives itself of goods and encourages employers to mechanize at a faster rate. The effect of high prices is to reduce demand. The effect of low prices is a wider distribution of the product. In other words, the economic salvation of society is not scarcity, but plenty. We need an economy of abundance."

Mr. Schram went on to point out that so-called pressure groups are fast becoming "a dangerous menace to our democratic system" in that they "undermine national unity, breed class consciousness, prostitute sincerity in politics and propagate the idea that one segment of society can profit by gaining the upper hand." He added that some movement in the direction of controlling selfish pressure groups, "even if it arouses deep resentment, must be necessary if we are to have effective and efficient government in the all-important post-war period."

Mr. Schram also called for attaining "more than an armed truce between the divergent interests in our national life," pointing out that "one of the many important by-products of the present great national effort should be a new unity of purpose for the common good," based on mutual respect between government and industry.

March Life Insurance Sales Show Advance

Sales of new ordinary life insurance for March exceed the same month of last year by 12%, according to figures released May 5 by the Life Insurance Sales Research Bureau of Hartford, Conn. Not only that, but it was the biggest March since 1937 and the largest month since Feb., 1942, when sales were still abnormally high because of rate changes and the adoption of war clauses, the Bureau further reported.

March sales for the past seven years have been:

1937, $764,548.000; 1938. $585.-785,000; 1939, $577,203,000; 1940, $567,872,000; 1941, $598,217,000; 1942, $552,044,000; 1943, $631,-863,000.

These are estimated totals based on reports from 53 companies producing over 80% of the new ordinary business.

The Bureau likewise said:

"Terminations for the first quarter continue to show the same favorable downward trend as has been in evidence for some time. The rate of ordinary termination, expressed as a percentage of outstanding insurance in 87 companies with 87% of the total, was 3.88% of the ordinary in force on Jan. 1. This is undoubtedly the lowest termination rate in history. For the past five years these rates have been: Year 1938, 6.84%; year 1939, 6.17%; year 1940, 5.67%; year 1941, 5.03%; year 1942, 4.40%; first quarter 1943, 3.88%.

"This improvement is especially pleasing in view of the predictions that increased taxes would cause a marked increase in lapse and surrender of life insurance policies. While it is too soon to be sure that this will not happen, the record for this quarter is most encouraging."

Insurance Sub-Group To Value Securities— To Open N. Y. Offices

The Sub-Committee of the Committee on Valuation of Securities of the National Association of Insurance Commissioners met in New York City on April 28. The Chairman of the Sub-Committee, Commissioner Charles F. J. Harrington of Massachusetts, announces that the Sub-Committee has arranged for all the work in connection with the determination of security values and the amortization of bonds to be done by it, the Sub-Committee, instead of by a statistical organization as heretofore.

Suitable offices have been leased and an agreement executed with Llewellyn A. Griffin, formerly with Moody's Investors Service, under which he will have immediate charge of the work and the Committee's office, with the title "Executive Secretary to the Committee on Valuation of Securities." The action taken by the Committee was under the authority in the resolutions adopted by the Executive Committee of the Association and the Committee on Valuation of Securities at their meetings in Columbus, Ohio, on April 9. The offices located in Room 1501 at 61 Broadway, New York City, will open for business on May 15.

House Votes Farm Appropriation Measure— Eliminates FSA; Forbids Incentive Payments

The House on April 20 passed by voice vote and sent to the Senate an Agriculture Department appropriation bill allotting $715,-099,622 for fiscal 1944 but abolishing the Farm Security Administration and banning incentive payments to farmers.

United Press Washington advices reported the following regarding the bill:

The measure carries $8,000,000 more than the $707,040,844 total indorsed by the Agriculture Committee, and as recommended by the Committee, it lopped $240,-093,647 off the original budget request.

The revised total of $715,099,-622 was arrived at by adding $20,000,000 for the Rural Electrification Administration and striking $12,000,000 sought by the FSA for rural rehabilitation loans.

It represents the most positive action yet taken by the House in fulfillment of economy pledges by the new Congress. In its budget request, the Agriculture Department had asked for $947,134,491.

In final House form the bill:

1. Abolishes the FSA by transferring its major remaining functions to the Farm Credit Administration.

2. Abolishes the Federal crop insurance program for wheat and cotton, effective July 31, 1943.

3. Carries an amendment stipulating specifically that none of the funds may be used for incentive payments to farmers producing war crops. An allotment of $100,000,000 for that purpose was refused.

4. Sets aside $300,000,000 for the AAA conservation program—$100,000,000 less than the budget request.

5. Prohibits the payment of more than $500 to any one person for soil conservation purposes.

6. Prevents restoration of the Regional Credit Agricultural Corp. designed to make loans to farmers for food production.

7. Allots $20,000,000 for REA, thereby shifting to direct appropriation an amount previously obtained from the Reconstruction Finance Corp.

The House struck out a provision inserted by the Committee banning Federal loans to farmers in communities where private capital is available through existing lending agencies.

Biggest chunk removed from the original budget request was the $200,000,000 combined total for incentive and conservation payments. No effort was made to restore these Committee cuts; but the House beat down a Republican move to slash another $100,-000,000 from the AAA program and thus reduce it to $200,000,000.

Abolition of FSA and transfer of its functions to FCA provided chief controversy in the five-day debate on the bill, but all attempts to retinstate the agency failed. Opponents of abolition argued that the action constituted legislative procedure not properly the subject of an appropriation bill.

Wood Pulp Output In First Quarter Off 18.5%

Wood pulp production in the United States in the first quarter of 1943 was about 18.5% lower than in the comparable period of 1942, according to Fred G. Stevenot, President of the Puget Sound Pulp & Timber Co. Production of chemical pulps declined 17.5% and of mechanical pulp, 22.8%.

Comparative tonnage records for first-quarter periods, the announcement said, were: all grades combined, 2,268,000 tons in 1943 and 2,784,000 tons in 1942; all chemical grades, 1,843,000 tons in 1943 and 2,233,000 tons in 1942; mechanical pulp, 425,000 tons in 1943 and 551,000 tons in 1942.

"Shortage of logs and manpower were the main causes of lower production in the Winter months of 1943," Mr. Stevenot stated, "and this led to restrictions now in effect on paper consumption by publishers."

Extremely bad weather in the Winter just passed forced suspension of logging in the Pacific Northwest for about two months, instead of the usual two or three weeks, Mr. Stevenot reported. Log inventories shrunk virtually to the vanishing point, causing sharp reduction in pulp production in the region.

He further declared: "Somewhat normal logging operations have been resumed in our own Pacific Northwest, inventories are being built up, and the Puget Sound pulp industry is looking forward to augmenting domestic log production with shipments from Canada. However, the date of resumption of such shipments is still uncertain."

27 States Attain ABA Farm Honor Roll

The banks of 27 States have attained the honor roll of the Agricultural Commission of the American Bankers Association for their high record of agricultural activities during 1942, it was announced May 3 by Otis A. Thompson, Chairman of the Commission, who is President of the Nation Bank and Trust Co., Norwich, N. Y. The association points out that the honor roll rating of the States is based upon their having achieved a 1,000-point goal by fulfilling the Commission's requirements of banker-farmer cooperation. These requirements include bank participation in 4-H Club work and similar acitivies, cooperation with county agricultural agents, participation in the Food-For-Freedom program, attendance at agricultural meetings, a minimum expenditure per bank in farm work, selection of key bankers for farm work in each county of the State, and a successful record of encouraging specific farming projects.

Outstanding among the year's accomplishments is the fact that the States of Oregon, Georgia and North Dakota have attained the honor roll for 14, 13 and 12 years, respectively. Each of these States was presented previously with a silver plaque for having achieved the honor roll for 10 consecutive years.

Earnshaw Named By Washington AIB Group

George B. Earnshaw, Assistant Cashier of the National Metropolitan Bank, Washington, has been nominated as President of the Washington Chapter of the American Institute of Banking to succeed George M. Rowzee.

Advices to this effect by S. Oliver Goodman, were contained in the Washington "Post" of April 23, which said:

"Mr. Earnshaw during the last year served as First Vice-President of the A. I. B. Chapter. Other nominations were as follows:

"First Vice-President, B. Bruce Frantz, American Security & Trust Co.; Second Vice-President, Thomas J. Norris, Bank of Commerce & Savings; Treasurer, Kenneth O. Hulse, Hamilton National Bank; Secretary, Miss Margaret Allison, National Savings & Trust Co.; Assistant Secretary, Mrs. Vivian McNitt, Liberty National Bank, and Chief Consul, Theodore P. Cowgill, Riggs National Bank.

For the Board of Governors, J. Earle McGeary, Hamilton National Bank, and Francis E. Robey, Bank of Commerce & Savings.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
May 11	119.13	109.97	118.20	115.43	110.52	97.47	101.64	113.12	115.82
10	119.06	109.97	118.00	115.43	110.52	97.47	101.64	112.93	116.02
8	119.06	109.97	118.00	115.43	110.52	97.31	101.64	112.93	115.82
7	119.03	109.79	118.00	115.43	110.52	97.16	101.47	112.93	115.82
6	118.95	109.97	118.00	115.63	110.52	97.31	101.64	112.93	115.82
5	118.54	109.97	118.00	115.63	110.52	97.31	101.64	112.93	115.82
4	118.37	109.97	118.20	115.43	110.52	97.16	101.47	112.93	115.82
3	118.34	109.79	118.00	115.43	110.52	97.16	101.47	113.12	115.82
1	118.34	109.79	118.00	115.43	110.52	97.00	101.31	113.12	115.63
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63
22	118.22	109.60	118.00	115.43	110.34	96.69	100.98	113.12	115.82
16	118.06	109.60	117.80	115.43	110.52	96.38	100.81	112.93	115.63
9	117.48	109.60	117.80	115.43	110.52	96.69	100.98	113.12	115.63
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63
19	116.86	109.42	117.60	115.43	110.52	95.92	100.32	113.12	115.63
12	116.87	109.24	117.60	115.43	110.34	95.77	100.16	112.93	115.43
5	116.97	109.42	117.80	115.43	110.34	95.77	100.16	113.12	115.43
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
19	117.11	109.06	117.60	115.24	110.15	95.01	99.68	112.93	115.43
11	117.13	108.88	117.60	115.24	109.97	94.86	99.36	112.93	115.43
5	117.09	108.88	117.60	115.04	109.97	94.71	99.04	112.75	115.63
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
High 1943	119.13	109.79	118.20	115.63	110.70	97.47	101.64	113.31	116.02
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago									
May 11, 1942	117.74	106.56	116.02	113.12	107.44	92.29	96.69	110.70	112.75
2 Years ago									
May 10, 1941	118.51	106.56	116.61	113.12	107.09	91.62	97.00	110.70	113.70

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
May 11	1.93	3.17	2.74	2.88	3.14	3.91	3.65	3.00	2.86
10	1.93	3.17	2.75	2.88	3.14	3.91	3.65	3.01	2.85
8	1.93	3.17	2.75	2.88	3.14	3.92	3.65	3.01	2.86
7	1.93	3.18	2.75	2.88	3.14	3.93	3.66	3.01	2.86
6	1.94	3.17	2.75	2.87	3.14	3.92	3.65	3.01	2.86
5	1.97	3.17	2.75	2.87	3.14	3.92	3.65	3.01	2.86
4	1.98	3.17	2.74	2.88	3.14	3.93	3.66	3.01	2.86
3	1.98	3.18	2.75	2.88	3.14	3.93	3.66	3.00	2.86
1	1.98	3.18	2.75	2.88	3.14	3.94	3.67	3.00	2.87
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
22	1.99	3.19	2.75	2.88	3.15	3.96	3.69	3.00	2.86
16	2.00	3.19	2.76	2.88	3.14	3.98	3.70	3.01	2.87
9	2.04	3.19	2.76	2.89	3.14	3.96	3.69	3.00	2.87
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
19	2.07	3.20	2.77	2.88	3.14	4.01	3.73	3.00	2.87
12	2.07	3.21	2.77	2.88	3.15	4.02	3.74	3.01	2.88
5	2.07	3.20	2.76	2.88	3.15	4.02	3.74	3.00	2.88
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
19	2.06	3.22	2.77	2.89	3.16	4.07	3.77	3.01	2.88
11	2.06	3.23	2.77	2.89	3.17	4.08	3.79	3.01	2.88
5	2.06	3.23	2.77	2.90	3.17	4.09	3.81	3.02	2.87
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.93	3.18	2.74	2.87	3.13	3.91	3.65	2.99	2.85
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago									
May 11, 1942	1.99	3.36	2.85	3.00	3.31	4.26	3.96	3.13	2.97
2 Years ago									
May 10, 1941	1.93	3.36	2.82	3.00	3.33	4.30	3.94	3.13	3.02

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Wholesale Commodity Index Advanced 0.1% During Week Ended May 1, Labor Dept. Reports

The U. S. Department of Labor announced on May 6 that the Bureau of Labor Statistics' comprehensive index of prices in primary markets moved up 0.1% during the week ended May 1, offsetting the decline of the preceding week. Prices were higher for fruits, vegetables and certain other foodstuffs while most grains and cotton were lower. Petroleum products advanced. The all-commodity index again reached the recent peak level of 103.5% of the 1926 average.

The Department's announcement further states:

"**Farm Products and Foods:** There were sharp advances in prices for both sweet potatoes and white potatoes in certain markets; for apples in the Chicago market, and for cows, lambs, and oats, each of which advanced over 3%. As a result, average prices for farm products as a whole rose 0.3% during the week to reach 124.3% of the 1926 level, the highest point since the Autumn of 1920. Lower prices were reported for rye and wheat, for steers and hogs, and for cotton, eggs, flaxseed and onions.

"**Industrial Commodities:** There were a few scattered increases reported in prices for industrial commodities. Pennsylvania fuel oil rose 4% and gasoline in the California area advanced 11%. Prices for maple flooring and for rosin continued to rise."

The following notation is made:

"During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports."

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for April 3, 1943 and May 2, 1942 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to May 1, 1943 from—		
Commodity groups—	5-1 1943	4-24 1943	4-17 1943	4-3 1943	5-2 1942	4-24 1943	4-3 1943	5-2 1942
All commodities	*103.5	*103.4	*103.5	*103.4	98.7	+0.1	+0.1	+ 4.9
Farm products	*124.3	*123.9	*124.4	*124.7	104.8	+0.3	—0.3	+18.6
Foods	108.7	108.5	108.4	107.8	99.9	+0.2	+0.8	+ 8.8
Hides and leather products	118.4	118.4	118.4	118.4	120.0	0	0	— 1.3
Textile products	96.9	96.9	96.9	96.8	97.2	0	+0.1	— 0.3
Fuel and lighting materials	81.5	81.1	81.1	80.8	78.6	+0.5	+0.9	+ 3.7
Metals and metal products	*103.9	*103.9	*103.9	*103.9	103.9	0	0	0
Building materials	110.3	110.2	110.3	110.4	108.7	+0.1	—0.1	+ 1.5
Chemicals and allied products	100.1	100.1	100.1	100.1	97.1	0	0	+ 3.1
Housefurnishing goods	104.2	104.2	104.2	104.2	104.6	0	0	— 0.4
Miscellaneous commodities	91.6	91.4	91.4	91.2	89.6	+0.2	+0.4	+ 2.2
Raw materials	*112.7	*112.5	*112.8	*112.8	100.1	+0.2	—0.1	+12.6
Semimanufactured articles	92.9	92.9	93.0	93.0	92.5	0	—0.1	+ 0.4
Manufactured products	*100.9	*100.8	*100.8	*100.7	99.1	+0.1	+0.2	+ 1.8
All commodities other than farm products	*99.1	*99.0	*99.0	*98.9	97.3	+0.1	+0.2	+ 1.8
All commodities other than farm products and foods	*96.9	*96.8	*96.8	*96.7	95.6	+0.1	+0.2	+ 1.4

*Preliminary.

Steel Operations Rise—Orders Absorbing Third Quarter Output—Expansion Program Lags

"Currently, the steel industry is attempting to meet the new 48-hour-week order, which will be modified; to get set for possibly another walk-out at the coal mines at the end of the present truce; to continue expediting (in the face of obstacles) its expansion programs which are lagging badly; to make the new Controlled Materials Plan more workable, and to perfect operation in numerous departments where pressure for more production is severe," states "The Iron Age" in its issue of today (May 13), which further goes on to say:

"The decision of the War Manpower Commission to modify its 48-hour-week order in steel results from the insistance of the steel industry that the original plan was not practical, and comes after a serious flareup inside the WMC. At the same time within the past week some authorities discovered that 'average' steel industry employment figures do not represent actual conditions because of the high rate of turnover and absenteeism being experienced. It will be almost impossible for the steel industry to average 48 hours per employee per week, regardless of the rules that might be established.

"The lag in steel expansion was brought to the fore this week by WPB Steel Division Director H. G. Batcheller who pointed out that by the end of May the open-hearth expansion program will be only 29% complete; the electric steel program will be 44% complete and the blast-furnace program will be only 43% complete. Most significant of all, and pointing to possibly the most serious bottleneck in the whole picture, was the disclosure that the by-product coke oven expansion program will be only 30% complete by the end of this month.

Anxious to make fullest possible use of the nation's enlarged magnesium supplies, the aircraft industry is seeking to interest foundries and other fabricators in switching over to magnesium. Meanwhile secondary metals are being adopted for war production to an increasing extent.

"Many of the jobbing foundries in the East are reported looking for additional work now, particularly those foundries which have been engaged heavily in casting for the machine tool industry over the past two years. However, this trend has not reduced the demand for pig iron to any appreciable extent. With numerous blast furnaces being repaired, the pig iron supply picture is very tight.

"The nation's railroads desperately are seeking more motive power and more steel rails. The need for additional freight cars is said to be secondary at the moment, in the opinion of some of the leading carriers. Many locomotives and cars are being built for service abroad and export shipments of rails have been heavy, while domestic railroad requirements for third quarter of this year have been pared from about 2,300,000 net tons to 1,350,000 tons.

"Difficulty has been experienced by some steel producers with regard to export sales. These sales, not included in Lend-Lease, have been held up in many cases because exporters have had licenses either revoked or suspended."

The American Iron and Steel Institute on May 10 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.4% of capacity for the week beginning May 10 compared with 98.2% one week ago, 98.8% one month ago and 99.6% one year ago. This represents an increase of 1.2 points or 1.2% from the preceding week. The operating rate for the week beginning May 10 is equivalent to 1,721,300 tons of steel ingots and castings, compared to 1,700,500 tons one week ago, 1,710,900 tons one month ago and 1,691,800 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets stated in part as follows:

"Some steel producers find their output for third quarter being rapidly covered in certain products and two important makers of hot-rolled sheets appear booked to capacity and are refusing further orders for that period.

"Some bar producers are sold out for third quarter on large rounds and flats, as well as bars requiring special heat treatment. Although some sheet mills are in tight position on hot-rolled sheets they are relatively easy on cold-rolled and galvanized sheets and can offer some shipments for July. Small tonnages of hot-rolled can be booked for July delivery by many makers.

"Plate buying follows closely the pattern of recent months, small variations being noted. Distribution of orders is under such close control that tonnage is equitably spread and all essential requirements are being met.

"Iron ore started moving down the Great Lakes April 24 and in the remaining days of that month shipments totaled 1,954,817 gross tons, 5,902,289 tons less than in April, 1942, a loss of 17.12%. The season movement to May 1 this year was 6,694,891 tons less than last year, 77.40% loss. This is a severe handicap in the race for 95,000,000 tons asked by the War Production Board, which compares with 92,076,781 tons moved last year, an all-time record.

"At the moment steel and iron scrap is moving at a rate allowing consumers to choose what they will accept, in marked contrast to conditions prevailing a few months ago when quality was waived.

"Loss of beehive coke tonnage because of the coal mining interruption is likely to be felt as an aggravation of the already tight situation and demand is expected to prevent much addition to coal stocks as a cushion against possible further strike interference. Effects of the strike of 1941 are still evident, a large by-product producer being unable in the interval to rebuild coal stocks beyond about one-third normal reserve."

Recommit Vetoed Farm Bill

The Bankhead farm parity bill, which was vetoed by President Roosevelt, on the ground that it was inflationary, was returned to the Senate Agriculture Committee on April 7 when the Senate voted 62 to 23 to recommit the measure. The Senate farm bloc, conceding that the two-thirds vote necessary to override the veto was lacking, took the recommital action in preference to an Administration attempt to have the veto sustained. This latter action would have killed the bill outright for this session but in sending it back to committee the Senate farm bloc keeps the measure technically alive since it might be brought up again at some later date. Senator Bankhead (Dem., Ala.), sponsor of the measure, which would prevent the Government from including benefit payments in fixing farm price ceilings, said that the legislation will be stored with the committee to await the Administration's further developments in its efforts to curb inflation.

Senator Barkley, of Kentucky, majority leader, led the fight to have the bill decided on finally for this session by a direct vote.

The President's veto was referred to in our issue of April 8, page 1308.

Start Vacations Early In Week, ODT Urges

Joseph B. Eastman, Director of the Office of Defense Transportation, has asked business and industry to begin and end all employee vacations on Tuesdays, Wednesdays or Thursdays, and to schedule employee vacations throughout the year, the ODT said on April 25.

Mr. Eastman's request for industry's support of a policy of staggered vacations was made in a letter to executives of 2,500 trade associations and similar groups. The ODT Director said the transportation situation made it imperative to start vacation schedules now and extend them throughout the year in such a way as to avoid travel at holiday periods. He asserted that railroads and bus lines could not handle vacation travel this year if it were concentrated in July and August.

Adoption by employers of the recommended vacation policy was necessary, Mr. Eastman said, to even out the usual mid-Summer and week-end travel concentrations. The ODT Director also asked employers to reinforce ODT's campaign to conserve travel facilities by urging their employees to refrain from all unnecessary non-vacation travel.

Saying that substantial increases in military travel and in war-connected business travel are expected during the coming months, Mr. Eastman declared in his letter to the trade associations that "vacation travel can be handled only if it is held to a low minimum and only to the degree that it replaces strictly non-essential travel."

"We are strongly urging persons who can take vacations this year," he said, "to spend them at home or as near home as possible. We are urging them, if they go away from home, to limit their travel on public carriers to a single round-trip to the place where the vacation is spent. And we are urging them to do any vacation traveling only on days other than Fridays, Saturdays, or Sundays, so as to avoid the week-end travel peaks."

Moody's Daily Commodity Index

Tuesday, May 4	246.5
Wednesday, May 5	246.4
Thursday, May 6	246.8
Friday May 7	246.7
Saturday, May 8	246.1
Monday, May 10	245.6
Tuesday May 11	245.1
Two weeks ago, April 27	246.2
Month ago, April 10	247.6
Year ago, May 11	232.0
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, April 1	249.8
Low, Jan. 2	240.2

Daily Average Crude Oil Production For Week Ended May 1, 1943 Up 6,550 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 1, 1943 was 3,919,150 barrels, a gain of 6,550 barrels per day over the preceding week, but 584,150 barrels per day higher than in the corresponding period last year. The current figure, however, was 266,950 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of April, 1943. Daily output for the four weeks ended May 1, 1943 averaged 3,924,550 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,849,000 barrels of crude oil daily and produced 10,977,000 barrels of gasoline; 3,629,000 barrels of distillate fuel oil, and 8,314,000 barrels of residual fuel oil during the week ended May 1, 1943; and had in storage at the end of that week 90,029,000 barrels of gasoline; 30,791,000 barrels of distillate fuels, and 66,991,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations April	*State Allowables Begin. April 1	Actual Production Week Ended May 1, 1943	Actual Production Change from Previous Week	Actual Production 4 Weeks Ended May 1, 1943	Actual Production Week Ended May 2, 1942
Oklahoma	379,300	379,300	†342,350	+ 900	341,950	404,650
Kansas	309,900	309,900	†316,250	— 2,550	313,650	255,300
Nebraska	2,600	-----	†2,250	+ 50	2,200	3,900
Panhandle Texas			91,000	----	91,000	78,500
North Texas			134,950	----	134,950	161,800
West Texas			214,450	----	214,400	140.150
East Central Texas			99,700	----	99,700	73,900
East Texas			319,800	----	319,800	146,400
Southwest Texas			188,500	----	188,500	114,500
Coastal Texas			340,750	----	340,650	181,250
Total Texas	1,502,000	‡1,500,342	1,389,150	----	1,389,000	896,500
North Louisiana			88,950	+ 550	83,650	81,850
Coastal Louisiana			257,900	----	257,900	232,500
Total Louisiana	359,300	379,300	346,850	+ 550	346,550	314,350
Arkansas	78,600	73,789	72,500	+ 300	71,900	73,600
Mississippi	50,000		55,800	+ 2,150	55,300	91,250
Illinois	251,900		230,850	+ 5,600	236,500	295,150
Indiana	16,000		14,050	+ 1,750	14,150	20,850
Eastern (not incl. Ill. and Ind. & Ky.)	94,300		83,850	+ 8,150	78,150	92,000
Kentucky	20,000		21,550	+ 400	21,250	11,200
Michigan	63,700		58,600	+ 1,500	58,950	63,200
Wyoming	97,100		92,950	+ 650	91,850	90,750
Montana	24,600		20,250	----	20,250	21,600
Colorado	7,400		6,850	----	6,600	5,250
New Mexico	105,700	105,700	97,150	— 100	97,250	73,650
Total East of Calif.	3,362,400		3,151,250	+ 19,350	3,145,500	2,713,200
California	823,700	§823,700	767,900	—12,800	779,050	621,800
Total United States	4,186,100		3,919,150	+ 6,550	3,924,550	3,335,000

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in January, 1943, as follows: Oklahoma, 27,900; Kansas, 5,800; Texas, 101,100; Louisiana, 19,800; Arkansas, 2,500; Illinois, 10,300; Eastern (not including Illinois, Indiana or Kentucky), 9,500; Kentucky, 3,100; Michigan, 100; Wyoming, 2,300; Montana, 400; New Mexico, 5,700; California, 42,500.

†Oklahoma, Kansas, Nebraska figures are for week ended 7 a.m. April 28.

‡This is the net basic allowable as of April 1 calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 15 days, the entire state was ordered shut down for 11 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 11 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED MAY 1, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are —therefore on a Bureau of Mines basis—

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.7	1,762	72.1	4,987	37,778	13,145	10,435
Appalachian	177	84.8	159	89.8	379	2,519	789	476
Ind., Ill., Ky.	824	85.2	724	87.9	2,443	19.432	3,747	2,856
Okla., Kansas, Mo.	416	80.1	355	85.3	1,076	6,816	1,575	1,441
Rocky Mountain	147	48.0	94	63.9	302	2,077	328	521
California	817	89.9	755	92.4	1.790	21,407	11,207	51,262
Tot. U. S. B. of M. basis May 1, 1943	4,825	86.2	3,849	79.8	10.977	†90,029	30,791	66,991
Tot. U. S. B. of M. basis April 24, 1943	4,812	86.2	3,737	77.7	10,583	¶91,001	31,142	67,455
U. S. Bur. of Mines basis May 2, 1942			3,435		10,409	101,591	28,876	79,169

*At the request of the Petroleum Administration for War. †Finished, 79,492,000 barrels; unfinished, 10,537,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 3,629,000 barrels of gas oil and distillate fuel oil and 8,314,000 barrels of residual fuel oil produced in the week ended May 1, 1943, which compares with 3,954,000 barrels and 8,168,000 barrels, respectively, in the preceding week and 3,234,000 barrels and 6,387,000 barrels, respectively, in the week ended May 2, 1942. ¶Revised due to inadvertent inclusion by a reporting company of certain military stocks of finished gasoline.

Census Bureau Report On Cotton Ginning

Cotton ginnings for the crop of 1942 totaled 12,444,766 running bales, according to a final report on cotton ginnings issued April 27 by J. C. Capt, Director of the Bureau of the Census. The statistics on cotton ginnings were compiled from the individual returns collected from 10,776 active ginneries located in 880 counties in 18 States. The final figures of 12,444,766 running bales, counting round as half bales, are 6,883 running bales greater than the preliminary figures issued on March 20. The ginnings for the 1942 crop are equivalent to 12,826,211 bales of 500 pounds each.

The Bureau of the Census will issue soon the annual bulletin on Cotton Production for the crop of 1942. This bulletin will show the ginnings for the crops of 1942, 1941 and 1940, and production for the crops of 1942 and 1941, by States and by counties. It will show also the ginnings to specified dates throughout the season, by States and by counties, for the crop of 1942.

Final figures of cotton ginned by States for the last three crops are shown in the following tabular statement. Quantities are given in both running bales, counting round as half bales, and in equivalent 500-pound bales:

COTTON GINNED FROM THE CROPS OF 1942, 1941, AND 1940

(Linters are not included)

State—	Running Bales (Counting round as half bales) 1942	1941	1940	Equivalent 500-Pound Bales (Gross weight) 1942	1941	1940
United States	12,444,766	10,494,881	12,297,970	12,826,211	10,741,589	12,564,988
Alabama	892,458	774,441	768,525	921,540	788,033	775,459
Arizona	187,703	178,337	190,194	191,999	182,719	195,955
Arkansas	1,427,890	1,381,214	1,477,110	1,495,249	1,437,605	1,510,238
California	399,361	395,569	530,479	404,497	402,122	543,497
Florida	14,536	14,885	17,916	14,349	14,367	17,502
Georgia	860,081	637,469	1,006,657	866,847	629,770	1,015,453
Illinois	4,484	5,474	3,761	4,527	5,721	3,769
Kentucky	15,238	17,127	11,238	14,914	16,863	10,900
Louisiana	572,347	310,501	448,996	594,589	313,475	456,886
Mississippi	1,886,981	1,387,558	1,238,286	1,967,978	1,423,908	1,250,412
Missouri	414,286	471,019	395,828	411,311	471,490	384,590
New Mexico	104,374	96,059	114,583	104,943	97,621	117,830
North Carolina	735,079	568,978	748,644	735,292	559,466	743,691
Oklahoma	687,465	692,303	764,706	702,046	712,140	789,317
South Carolina	694,577	408,098	945,781	698,517	403,387	968,354
Tennessee	602,538	574,121	502,871	622,301	596,113	507,277
Texas	2,917,035	2,557,702	3,111,051	3,047,128	2,663,004	3,252,556
Virginia	28,333	24,026	21,344	28,184	23,785	21,302

National Fertilizer Association Commodity Price Average Advances Fractionally

The general level of wholesale commodity prices compiled by the National Fertilizer Association and made public on May 10, advanced slightly last week after remaining unchanged in the preceding week. This index in the week ended May 8 rose to 135.8 from 135.7 in the preceding week. A month ago it registered 136.5 and a year ago 128.0, based on the 1935-1939 average as 100. The Association's report added:

Last week's rise in the all-commodity index was due to higher quotations for industrial commodities as the farm products average declined. In the farm product group rising prices for wheat, rye, hogs and sheep were more than offset by declines for cotton, corn, oats, barley and lambs. The fuels index advanced moderately, due to higher quotations for petroleum products. Lower prices for linseed meal were responsible for a decline in the index representing the prices of miscellaneous commodities. Food prices remained unchanged at the previous week's level.

During the week six price series included in the index advanced and seven declined; in the preceding week there were 11 advances and eight declines; in the second preceding week there were seven declines and eight advances.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week May 8 1943	Preceding Week May 1 1943	Month Ago Apr. 3 1943	Year Ago May 9 1942
25.3	Foods	139.9	139.9	138.8	125.3
	Fats and Oils	147.8	147.8	147.7	138.7
	Cottonseed Oil	159.0	159.0	159.0	159.3
23.0	Farm Products	153.7	153.8	157.9	137.7
	Cotton	200.9	201.0	203.6	192.1
	Grains	142.8	143.2	149.2	118.3
	Livestock	148.5	148.5	152.8	132.3
17.3	Fuels	122.8	122.2	122.2	119.5
10.8	Miscellaneous commodities	130.1	130.4	130.4	128.1
8.2	Textiles	151.3	151.3	151.8	149.5
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.2	152.2	152.2	151.7
1.3	Chemicals and drugs	126.6	126.6	126.6	120.7
.3	Fertilizer materials	117.9	117.9	117.9	118.8
.3	Fertilizers	119.8	119.8	119.8	115.3
.3	Farm machinery	104.1	104.1	104.1	104.1
100.0	All groups combined	135.8	135.7	136.5	128.0

*Indexes on 1926-1928 base were May 8, 1943, 105.8; May 1, 105.7; May 9, 1942, 99.7.

Non-Ferrous Metals—Iridium Now Under Complete Allocation—Die Castings Prices Set

Editor's Note.—At the direction of the Office of Censorship certain production and shipments figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of May 6, stated: "The War Production Board last week placed iridium, one of the metals in the platinum group, under full allocation because of growing war needs. OPA set ceiling prices in die castings, and eased the recent copper sulphate order to offset freight charges on shipments to the Pacific Coast. Small copper mines will be eligible for an extra premium payment in the event that increased revenue is necessary to maintain or increase production, Metals Reserve announced during the week. Estimated third-quarter supply of materials allotted by the Requirements Committee, WPB, included 1,000,000 tons of copper products and 330,000 tons of aluminum." The publication further went on to say in part:

Copper

With the war machine taking all copper available, producers see no change in the general situation. The domestic quotation remained at 12¢, Connecticut Valley basis. Foreign copper is moving into the country at unchanged prices.

Producers of rubber-covered wire and cable will be permitted to quote higher than ceiling prices to reflect cost increases resulting from an authorized price increase for crude rubber, OPA announced last week. The adjustment in prices is granted under Amendment No. 3 to Revised Price Schedule No. 82, covering wire, cable, and accessories, and becomes effective May 8, 1943.

With Eastern producers of copper sulphate at a financial disadvantage in making deliveries to Western States, where shortages have now developed, OPA has eased the freight practices provision of the recent price order. The amendment to the order now permits producers to add 15¢ per 100 pounds to the existing schedule on sales ex Portland, Seattle, San Francisco, and Los Angeles. The action, it was explained, covers only part of the total freight costs.

Lead

End-of-the-month business came through in the usual fashion, which is reflected in a larger sales total for the week ended May 5. Sales of common lead for the seven-day period were higher than in the week previous. Producers estimate that May requirements of consumers are about 80% covered. Interest in June needs is expected to increase from now on.

WPB last week ruled that terneplate may be used for maintenance and repair of roofing under Order M-21-e, as amended.

Zinc

OPA last week froze prices of die castings at the lowest levels that obtained between April 1, 1942, and April 30, 1943, "to avert the danger of a rise." In 1942, zinc die castings accounted for about 35% of total sales of $90,000,000 for the industry. At present, most die castings are made of aluminum and magnesium, OPA reports.

The price situation in zinc was unchanged, Prime Western continuing on the basis of 8¼¢, East St. Louis. Allocation certificates for May came through during the last week as expected.

Iridium

WPB placed iridium under allocation on May 1 through issuance of Conservation Order M-49, as amended. The order forbids use of iridium except in contact points, fuse wire for detonators, electrical primers, and laboratory ware. Even for these uses, the metal may be used only upon special authorization from WPB. Crude iridium may be refined without special authorization.

Tin

With tin still listed by WPB as a most critical material, consumers look for no relaxation in the controls governing the use of the metal. Importations from the Belgian Congo have been increasing.

The price of tin was unchanged last week. Straits quality tin for shipment was as follows:

	May	June	July
April 29	52.000	52.000	52.000
April 30	52.000	52.000	52.000
May 1	52.000	52.000	52.000
May 3	52.000	52.000	52.000
May 4	52.000	52.000	52.000
May 5	52.000	52.000	52.000

Quicksilver

Demand for quicksilver for delivery over the next few months was fairly active. Quotations in New York continued at $196 @ $198 per flask of 76 pounds.

Silver

Except for a tight situation in silver supplies and the move in Washington to release more metal from the Treasury's holdings the market presented nothing new last week. London continues to quote 23½d. The New York Official and the Treasury prices are unchanged at 44¾¢ and 35¢, respectively.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" as of July 31, 1942, page 380.

Extend V-Mail To British

Postmaster Albert Goldman of New York announces that arrangements have been made to extend the V-mail service to correspondence between members of the British Army and Navy personnel temporarily residing in the United States and relatives and friends in Great Britain.

Therefore, V-mail letters mailed by the personnel referred to, andressed to civilians in Great Britain may be accorded the V-mail service. Postage on such V-mail letters addressed to civilians in Great Britain should be prepaid at the international rate, that is, 5 cents.

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of biuminous coal and lignite in the week ended May 1 is estimated at 9,500,000 net tons, a decrease of 2,340,000 tons, or 19.8%, from the output in the preceding week. Production in the corresponding week last year amounted to 11,134,000 tons. For the current year to May 1, output of soft coal was 5.9% in excess of that for the same period in 1942.

The U. S. Bureau of Mines estimated that the output of Pennsylvania anthracite for the week ended May 1 was 1,002,000 tons, a decrease of 133,000 tons, or 11.7%, from the preceding week. When compared with the production in the corresponding week of 1942, there was a decrease of 319,000 tons, or 24.1%.

The U. S. Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended May 1 showed a decrease of 11,300 tons when compared with the output for the week ended April 24. The quantity of coke from beehive ovens decreased 18,700 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

In Net Tons (000 omitted)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	May 1 1943	†Apr. 24 1943	May 2 1942	‡May 1 1943	May 2 1942	May 1 1937
Total, incl. mine fuel	9,500	11,840	11,134	203,875	192,470	162,750
Daily average	1,583	1,973	1,856	1,989	1,865	1,594
*Crude Petroleum—						
Coal equivalent of weekly output	6,278	6,267	5,342	107,765	107,910	92,421

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B. t. u. per barrel of oil and 13,100 B. t. u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, Review of 1940, page 775). †Revised. ‡Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	§May 1 1943	Apr. 24 1943	May 2 1942	May 1 1943	May 2 1942	May 4 1929
*Total, incl. colliery fuel	1,002,000	1,135,000	1,321,000	20,940,000	19,843,000	25,491,000
†Commercial production	962,000	1,090,000	¶1,268,000	20,102,000¶	19,049,000	23,656,000
Beehive coke—						
United States total	148,400	167,100	152,400	2,762,400	2,720,900	2,152,300
By-product coke—						
United States total	1,212,800	1,224,100	1,175,400	21,095,700	20,444,600	‡

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					April Avge.
State—	Apr. 24 1943	Apr. 17 1943	Apr. 25 1942	Apr. 26 1941	Apr. 24 1937	¶1923
Alabama	376	379	367	42	21	412
Alaska	6	6	5	5	3	**
Arkansas and Oklahoma	78	66	52	10	5	70
Colorado	135	140	107	124	72	184
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,469	1,471	1,188	359	508	1,471
Indiana	538	502	445	53	173	514
Iowa	55	49	47	36	19	100
Kansas and Missouri	163	174	129	106	42	138
Kentucky—Eastern	900	934	979	33	786	620
Kentucky—Western	285	319	226	379	104	188
Maryland	38	38	42	4	15	52
Michigan	8	7	3	5	2	22
Montana (bituminous and lignite)	88	93	56	36	32	42
New Mexico	39	38	29	22	31	59
North and South Dakota (lignite)	34	26	26	21	21	**16
Ohio	693	689	731	62	364	766
Pennsylvania (bituminous)	2,774	2,880	2,888	19	2,018	3,531
Tennessee	137	145	155	27	45	121
Texas (bituminous and lignite)	6	5	5	7	15	20
Utah	138	136	90	17	32	70
Virginia	417	426	403	61	197	249
Washington	29	29	41	29	30	35
*West Virginia—Southern	2,332	2,377	2,276	4	1,630	1,256
†West Virginia—Northern	928	913	914	42	469	778
Wyoming	172	171	130	108	71	116
‡Other Western States	1	1	††	††	††	**6
Total bituminous and lignite	11,840	12,015	11,335	1,612	6,705	10,836
§Pennsylvania anthracite	1,135	1,368	1,289	715	1,615	1,974
Total all coal	12,975	13,383	12,624	2,327	8,320	12,810

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

The English Gold And Silver Markets

We reprint the following from the quarterly letter of Samuel Montagu & Co. of London, written under date of April 1, 1943:

Gold

The amount of gold held in the Issue Department of the Bank of England during the months of January, February and March, 1943 was unaltered at £241,718.

The Bank of England's buying price for gold remained unchanged at 168s per fine ounce, at which figure the above amount was calculated.

The gold output of the Transvaal for the months of January and February, 1943 is given below; together with the figures for the corresponding months of 1942 for the purpose of comparisons:

	1943	1942
January	1,074,754 fine ounces	1,216,164 fine ounces
February	1,011,672 " "	1,129,319 " "

Silver

The first quarter of the year was uneventful as far as the London Market was concerned and the price of 23½d per ounce standard for both cash and two months' delivery remained unaltered throughout the period. There were no new features, but a steady demand for industrial purposes was maintained; this was met mainly by silver from official stocks, with occasional small offerings from production sources.

In Bombay, prices continued to show rather a wide range, reflecting the trend of events in the war and political situations; the quotation for spot varied between Rs. 99-9-0 per 100 tolas early in January and Rs. 112-0-0 quoted about the middle of March.

There has been little news from the United States of America, but a report was received early in February that an amendment to the Treasury and Post Office Appropriations Bill, prohibiting the use of Treasury funds for the purchase of silver under the Silver Purchase Act, had been passed by the House of Representatives by 166 votes to 103. So far, however, no news of any further developments in this direction has come to hand.

QUOTATIONS IN LONDON

(Bar Silver per ounce std.)

Cash Delivery		Two Months'
	January 1943	
23½d. throughout		23½d. throughout
	February 1943	
23½d. throughout		23½d. throughout
	March 1943	
23½d. throughout		23½d. throughout

QUOTATIONS IN U. S. A. (per ounce .999 fine)

U. S. Treasury Price	New York Market Price
35 cents	44¾ cents

The official dollar rates fixed by the Bank of England during January, February and March 1943 were as follows:

Buying	Selling
$4.03½	$4.02½

Continental Construction 55% Above Last Week

Civil engineering construction in continental U. S. for the week totals $72,237,000. This volume, not including the construction by military combat engineers, American contracts outside the country, and shipbuilding, is 53% higher than in the preceding week, but is 83% below the record-breaking total of $434,955,000 reported for the corresponding 1942 week by "Engineering News-Record" on May 6, which added:

Private work is 13% higher than a week ago, and public construction is up 58% as a result of the 68% gain in Federal. Compared with the week last year, however, private is down 70%, public is off 84%, and Federal declines 84%.

The current week's construction brings 1943 volume to $1,290,346,000, an average of $71,686,000 for each of the eighteen weeks of the year. On the weekly average basis, 1943 volume is 59% below the $3,326,739,000 for the nineteen-week 1942 period. Private construction, $132,960,000, is 48% lower, and public $1,157,386,000, is down 60% when adjusted for the difference in the number of weeks reported.

Civil engineering construction volumes for the 1942 week, last week, and the current week are:

	May 7, 1942	Apr. 29, 1943	May 6, 1943
Total U. S. Construction	$434,955,000	$47,100,000	$72,237,000
Private Construction	17,191,000	4,605,000	5,208,000
Public Construction	417,764,000	42,495,000	67,029,000
State and Municipal	21,644,000	5,306,000	4,612,000
Federal	396,120,000	37,189,000	62,417,000

In the classified construction groups, gains over last week are in sewerage, commercial and public buildings, earthwork and drainage, streets and roads, and unclassified construction. Earthwork and drainage is the only class of work to gain over a year ago. Subtotals for the week in each class of construction are: waterworks, $557,000; sewerage, $553,000; bridges, $340,000; industrial buildings, $1,082,000; commercial building and large-scale private housing, $4,126,000; public buildings, $29,485,000; earthwork and drainage, $3,871,000; streets and roads, $7,423,000; and unclassified construction, $24,800,000.

New capital for construction purposes for the week totals $6,756,000 and is made up entirely of State and municipal bond sales. The week's total brings 1943 new financing to $486,035,000 for the eighteen-week period, a volume that compares with $6,777,852,000 reported for the nineteen weeks of 1942.

Electric Output For Week Ended May 8, 1943 Shows 16.0% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended May 8, 1943, was approximately 3,903,723,000 kwh., compared with 3,365,208,000 kwh. in the corresponding week last year, an increase of 16%. The output for the week ended May 1, 1943, was 17% in excess of the similar period of 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	May 3	May 1	April 24	April 17
New England	3.1	8.1	9.5	8.9
Middle Atlantic	13.3	13.0	16.7	15.7
Central Industrial	14.0	14.3	17.3	17.0
West Central	12.3	12.9	14.4	13.8
Southern States	14.4	19.5	24.9	20.3
Rocky Mountain	17.0	15.0	13 9	14.8
Pacific Coast	32.9	32.4	32.6	30.4
Total United States	16.0	17.0	19.9	18.4

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Feb 6	3,960,242	3,474,638	+14.0	2,989,392	1,578,817	1,726,161
Feb 13	3,939,708	3,421,639	+15.1	2,976,478	1,545,459	1,718,304
Feb 20	3,948,749	3,423,589	+15.3	2,985,585	1,512,158	1,699,250
Feb 27	3,892,796	3,409,907	+14.2	2,993,253	1,519,679	1,706,719
Mar 6	3,946.630	3,392,121	+16.3	3,004,639	1,538,452	1,702,570
Mar 13	3,944,679	3,357,444	+17.5	2,983,591	1,537,747	1,687,229
Mar 20	3,946,836	3,357,032	+17.6	2,983,048	1,514,553	1,683,262
Mar 27	3,928,170	3,345,502	+17.4	2,975,407	1,480,208	1,679,589
Apr 3	3,889,858	3,348,608	+16.2	2,959,646	1,465,076	1,633,291
Apr 10	3,882,467	3,320,858	+16.9	2,905,581	1,480,738	1,696,543
Apr 17	3,916,794	3,307,700	+18.4	2,897,307	1,469,810	1,709,331
Apr 24	3,925,175	3,273,190	+19.9	2,950,448	1,454,505	1,699,822
May 1	3,866,721	3,304,602	+17.0	2,944,906	1,429,032	1,688,434
May 8	3,903,723	3,365,208	+16.0	3,003,921	1,436,928	1,698,492

Anti-Sabotage Bill Is Passed By House

A War Security bill, giving the Department of Justice power to provide stiff penalties, including death, for persons who commit hostile acts in war time for the purpose of aiding an enemy nation was passed by the House on April 2 after considerable debate.

Some members of the House expressed fears that the bill might jeopardize free speech and a free press and in order to meet, in part, these objections, the House stipulated by amendment that nothing in the measure shall be construed "to prevent any citizen or citizens, or any newspaper or other publications, at any time from freely discussing or openly criticizing the domestic or foreign policies of the Administration or the Federal Government, or of any public official, or from discussing or criticizing any existing or proposed law, regulation, directive or executive order."

This amendment, sponsored by Representative Fish (Rep., N. Y.), was adopted by a vote of 129 to 95.

A motion to recommit the bill to the Committee on the Judiciary was defeated on a standing vote of 133 to 93. The Associated Press stated:

"Generally, the measure proscribes a group of hostile acts which would be punishable by death during the life of the proposed law. It would cease to be in effect six months after the war if not previously repealed. Associations or organizations guilty of the acts would face a maximum fine of $5,000,000.

"The Justice Department asked for the legislation, asserting that existing laws dealing with sedition and treason were inadequate."

It is stated that most of the debate centered around a section which termed a hostile act the acquisition, compilation or transmission of data calculated to inform the enemy with respect to the war effort of any of the United Nations "with intent to aid a country with which the United States is at war."

An amendment to remove this section was defeated by a standing vote of 112 to 82.

McFarland Made Director Of Pittsburgh Reserve

The Federal Reserve Bank of Cleveland announced on April 22 that Archie J. McFarland, President of Wheeling Steel Corp., Wheeling, W. Va., had been appointed a Director of the Bank's Pittsburgh branch. Mr. McFarland brings to the bank wide experience in a field which represents a substantial contribution to the economic welfare of the Fourth Federal Reserve District, and the appointment is in keeping with the bank's policy of maintaining close contacts with the manufacturing, commercial, and agricultural interests of the territory which it serves.

Mr. McFarland has been identified with the making of steel for 38 years. His business experience covers service with Whitaker-Glessner Co., Wheeling, W. Va., Portsmouth Steel Co., Portsmouth, Ohio, Wheeling Steel Corp., Steubenville, Ohio, Follansbee Bros. Co., Pittsburgh, and Wheeling Steel Corp., Wheeling, W. Va.

Mr. McFarland is a director of Wheeling Steel Corp. and its various subsidiary and affiliated companies, the Wheeling Dollar Savings & Trust Co., of Wheeling, W. Va., the West Virginia Manufacturers Association, the West Virginia Chamber of Commerce, Ohio Manufacturers Association, and the Ohio Valley Hospital Association of Wheeling.

Revenue Freight Car Loadings During Week Ended May 1, 1943 Decreased 5,411 Cars

Loading of revenue freight for the week ended May 1, 1943 totaled 788,783 cars, the Association of American Railroads announced on May 6. This was a decrease below the corresponding week of 1942 of 70,128 cars, or 8.2%, and a decrease below the same week in 1941 of 5,516 cars, or 0.7%.

Loading of revenue freight for the week of May 1 decreased 5,411 cars, or 0.7% below the preceding week.

Miscellaneous freight loading totaled 383,843 cars, an increase of 6,670 cars above the preceding week, and an increase of 622 cars above the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 97,574 cars, a decrease of 992 cars below the preceding week, and a decrease of 15,162 cars below the corresponding week in 1942.

Coal loading amounted to 134,264 cars, a decrease of 30,714 cars below the preceding week, and a decrease of 35,160 cars below the corresponding week in 1942.

Grain and grain products loading totaled 46,597 cars, an increase of 1,381 cars above the preceding week, and an increase of 10,404 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of May 1 totaled 31,828 cars, an increase of 896 cars above the preceding week and an increase of 9,155 cars above the corresponding week in 1942.

Livestock loading amounted to 15,713 cars, an increase of 557 cars above the preceding week, and an increase of 1,828 cars above the corresponding week in 1942. In the Western Districts alone, loading of livestock for the week of May 1 totaled 12,054 cars, an increase of 259 cars above the preceding week, and an increase of 941 cars above the corresponding week in 1942.

Forest products loading totaled 43,748 cars, an increase of 559 cars above the preceding week, but a decrease of 6,658 cars below the corresponding week in 1942.

Ore loading amounted to 53,391 cars, an increase of 18,008 cars above the preceding week, but a decrease of 25,606 cars below the corresponding week in 1942.

Coke loading amounted to 13,653 cars, a decrease of 880 cars below the preceding week, and a decrease of 396 cars below the corresponding week in 1942.

All districts reported decreases, compared with the corresponding week in 1942, except the Centralwestern and Southwestern, but all districts reported increases above the corresponding week in 1941 except Eastern, Allegheny, and Northwestern.

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
4 weeks of February	3,055,640	3,122,942	2,866,565
4 weeks of March	3,073,426	3,174,781	3,066,011
4 weeks of April	3,136,253	3,350,996	2,793,630
Week of May 1	788,783	858,911	794,299
Total	13,584,951	14,366,109	12,974,914

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 1, 1943. During this period only 39 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED MAY 1

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern District—					
Ann Arbor	262	508	569	1,720	1,415
Bangor & Aroostook	1,129	1,928	1,724	265	249
Boston & Maine	6,229	7,123	9,362	13,549	16,651
Chicago, Indianapolis & Louisville	1,422	1,373	1,238	1,916	1,973
Central Indiana	27	40	16	53	64
Central Vermont	1,047	1,129	1,383	2,032	2,395
Delaware & Hudson	5,188	7,056	6,232	11,267	13,226
Delaware, Lackawanna & Western	6,815	8,842	9,888	11,976	9,716
Detroit & Mackinac	292	264	304	129	140
Detroit, Toledo & Ironton	1,828	1,749	3,394	1,566	1,297
Detroit & Toledo Shore Line	291	278	352	2,569	3,054
Erie	11,865	15,032	15,435	18,931	17,024
Grand Trunk Western	3,754	4,075	6,016	8,130	8,100
Lehigh & Hudson River	185	212	336	2,736	3,858
Lehigh & New England	1,886	2,367	2,322	1,579	1,885
Lehigh Valley	6,843	9,933	9,995	14,655	12,459
Maine Central	2,187	2,393	3,111	2,409	3,838
Monongahela	3,566	6,803	3,819	405	385
Montour	903	2,281	1,715	74	40
New York Central Lines	53,941	48,220	51,357	49,288	56,019
N. Y., N. H. & Hartford	9,804	10,881	12,293	17,887	21,204
New York, Ontario & Western	895	1,056	1,092	2,272	3,345
New York, Chicago & St. Louis	6,220	7,632	6,522	15,654	15,104
N. Y., Susquehanna & Western	536	594	534	1,703	1,524
Pittsburgh & Lake Erie	6,721	8,339	7,453	7,134	9,919
Pere Marquette	4,806	5,604	7,085	7,275	6,238
Pittsburg & Shawmut	848	785	351	32	35
Pittsburg, Shawmut & North	283	401	410	346	310
Pittsburgh & West Virginia	1,019	1,183	905	3,111	3,152
Rutland	357	437	647	1,033	1,080
Wabash	5,611	5,578	6,688	13,142	12,276
Wheeling & Lake Erie	4,515	5,769	5,229	4,955	4,741
Total	151,275	169,865	177,757	219,793	232,716
Allegheny District—					
Akron, Canton & Youngstown	827	690	740	1,289	1,127
Baltimore & Ohio	37,682	42,340	37,300	27,894	28,002
Bessemer & Lake Erie	2,932	6,769	7,021	1,746	2,205
Buffalo Creek & Gauley	330	336	83	3	0
Cambria & Indiana	940	1,920	1,327	7	13
Central R. R. of New Jersey	6,672	7,276	7,954	20,977	20,961
Cornwall	654	691	646	82	70
Cumberland & Pennsylvania	206	309	73	6	27
Ligonier Valley	127	148	112	41	47
Long Island	1,194	817	772	3,927	3,575
Penn-Reading Seashore Lines	1,719	1,756	1,425	2,969	2,568
Pennsylvania System	77,576	86,624	78,896	62,455	67,506
Reading Co.	14,767	16,254	17,768	26,701	29,240
Union (Pittsburgh)	22,149	20,932	19,862	4,728	7,630
Western Maryland	3,810	4,187	3,500	10,546	13,601
Total	171,585	191,049	177,479	163,371	176,572
Pocahontas District—					
Chesapeake & Ohio	25,449	29,052	17,756	13,143	13,525
Norfolk & Western	18,258	23,623	15,283	6,631	7,259
Virginian	4,093	4,748	2,245	2,160	2,377
Total	47,800	57,423	35,284	21,934	23,161
Southern District—					
Alabama, Tennessee & Northern	281	323	351	320	424
Atl. & W. P.—W. R. R. of Ala.	741	832	829	2,036	2,731
Atlanta, Birmingham & Coast	803	815	798	1,480	1,176
Atlantic Coast Line	14,135	13,029	12,559	10,759	8,944
Central of Georgia	4,202	4,148	4,693	4,603	4,351
Charleston & Western Carolina	408	489	552	1,924	1,790
Clinchfield	1,515	1,701	1,682	2,838	2,907
Columbus & Greenville	366	367	272	183	231
Durham & Southern	99	173	203	708	831
Florida East Coast	2,869	1,927	1,176	1,954	1,383
Gainesville Midland	42	40	51	127	107
Georgia	1,286	1,191	1,181	2,495	2,557
Georgia & Florida	346	404	360	713	587
Gulf, Mobile & Ohio	3,619	4,605	3,813	4,897	4,050
Illinois Central System	26,002	28,402	22,808	18,501	16,529
Louisville & Nashville	21,075	26,793	16,878	11,032	10,677
Macon, Dublin & Savannah	*210	162	196	*983	766
Mississippi Central	215	394	178	549	442
Nashville, Chattanooga & St. L.	3,105	3,486	3,402	4,880	4,042
Norfolk Southern	1,198	1,526	1,387	1,481	2,086
Piedmont Northern	370	457	513	1,267	1,220
Richmond, Fred. & Potomac	425	610	422	10,291	11,256
Seaboard Air Line	11,096	11,554	10,712	8,596	8,020
Southern System	21,580	25,516	25,266	24,505	24,308
Tennessee Central	493	734	656	858	1,044
Winston-Salem Southbound	97	130	151	900	903
Total	116,579	129,808	111,089	118,880	113,362
Northwestern District—					
Chicago & North Western	20,415	22,854	23,062	12,112	12,960
Chicago Great Western	2,646	2,547	2,716	2,840	3,359
Chicago, Milw., St. P. & Pac.	20,066	19,858	21,612	11,032	9,693
Chicago, St. Paul, Minn. & Omaha	3,162	4,098	3,893	3,613	3,671
Duluth, Missabe & Iron Range	15,791	23,720	21,820	200	320
Duluth, South Shore & Atlantic	979	1,243	1,219	465	564
Elgin, Joliet & Eastern	8,218	10,147	9,981	10,628	10,119
Ft. Dodge, Des Moines & South	447	570	598	125	139
Great Northern	15,468	21,638	23,073	4,757	4,914
Green Bay & Western	517	566	637	887	731
Lake Superior & Ishpeming	744	3,456	4,123	47	51
Minneapolis & St. Louis	1,947	2,019	1,855	2,526	2,401
Minn., St. Paul & S. S. M.	5,957	6,840	8,043	2,811	3,045
Spokane International	10,214	10,431	9,656	5,349	4,576
Northern Pacific	142	158	197	625	556
Spokane, Portland & Seattle	2,237	2,695	2,573	3,301	3,404
Total	108,950	132,840	135,058	61,318	60,503
Central Western District—					
Atch., Top. & Santa Fe System	23,048	20,998	19,904	12,951	11,036
Alton	2,828	3,497	3,322	3,663	4,091
Bingham & Garfield	494	734	654	93	157
Chicago, Burlington & Quincy	18,624	15,448	14,475	11,507	9,841
Chicago & Illinois Midland	2,359	2,457	211	813	872
Chicago, Rock Island & Pacific	12,900	11,529	12,527	13,126	11,205
Chicago & Eastern Illinois	2,562	2,492	2,763	5,776	3,092
Colorado & Southern	772	758	676	2,027	1,500
Denver & Rio Grande Western	2,942	2,621	2,410	6,097	4,946
Denver & Salt Lake	629	355	356	27	14
Fort Worth & Denver City	629	857	901	1,845	1,205
Illinois Terminal	1,604	1,939	1,996	2,044	2,258
Missouri-Illinois	983	1,414	1,097	486	469
Nevada Northern	2,030	2,045	2,040	152	146
North Western Pacific	975	959	862	634	439
Peoria & Pekin Union	14	10	4	0	0
Southern Pacific (Pacific)	29,605	28,167	27,867	14,532	9,998
Toledo, Peoria & Western	315	247	432	1,852	1,702
Union Pacific System	13,452	14,267	14,717	16,308	12,751
Utah	580	483	362	5	4
Western Pacific	1,808	1,974	1,671	3,672	3,671
Total	119,163	113,251	109,247	97,610	79,397
Southwestern District—					
Burlington-Rock Island	1,122	191	119	248	181
Gulf Coast Lines	7,127	5,553	2,874	2,174	2,310
International-Great Northern	2,157	2,306	1,767	4,638	3,835
Kansas, Oklahoma & Gulf	427	235	189	983	1,110
Kansas City Southern	6,132	4,470	2,089	3,172	2,385
Louisiana & Arkansas	3,437	3,325	2,318	3,165	2,247
Litchfield & Madison	289	372	428	1,110	992
Midland Valley	834	622	430	268	259
Missouri & Arkansas	167	216	173	365	475
Missouri-Kansas-Texas Lines	5,944	5,503	3,750	5,780	4,073
Missouri Pacific	17,701	15,344	13,550	19,841	16,489
Quanah Acme & Pacific	70	120	107	247	169
St. Louis-San Francisco	7,581	8,107	7,058	7,708	7,375
St. Louis Southwestern	3,563	3,046	2,420	7,287	5,215
Texas & New Orleans	12,626	10,636	7,155	5,991	4,580
Texas & Pacific	4,142	4,477	3,788	8,193	6,044
Wichita Falls & Southern	100	114	154	40	34
Weatherford M. W. & N. W.	12	38	16	20	17
Total	73,431	64,675	48,385	71,230	57,790

*Previous week's figure.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
Feb. 6	169,417	140,836	439,304	89	87
Feb. 13	148,687	137,784	446,981	87	87
Feb. 20	141,435	142,932	445,982	91	88
Feb. 27	156,628	147,085	454,308	94	88
Mar. 6	175,178	147,830	480,802	93	89
Mar. 13	166,885	146,062	498,927	93	89
Mar. 20	155,116	149,096	504,414	92	90
Mar. 27	139,911	150,754	488,197	95	90
Apr. 3	172,412	153,030	511,220	95	90
Apr. 10	153,260	153,006	510,784	95	91
Apr. 17	164,805	152,494	515,700	96	92
Apr. 24	159,231	155,163	517,473	97	92
May 1	147,212	135,924	525,287	89	92

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Post-War Govt. Works Plans $7,695,000,000

The National Resources Planning Board, in a report released April 27, disclosed that an estimated $7,695,000,000 "public-works shelf" was potentially available Jan. 1, 1943, for post-war programs of Federal construction and improvement. This "shelf" of Federal projects compared with $6,360,000,000 reported available on Jan. 1, 1942, and $4,423,000,000 on Jan. 1, 1941.

The report, entitled "Wartime Planning for War and Post-War," is the second part of "The National Resources Development Report for 1943" which President Roosevelt submitted recently to Congress.

United Press Washington advices of April 27 had the following to say regarding the report:

"Under the Board's plan, the money would be divided among three types of projects: those now under study by Federal agencies in authorized surveys; unauthorized projects and projects now authorized or requiring only Presidential authorization.

"Projects range from small works costing $1,000 or less to complex projects costing over $20,000,000. A large number of them entail land and forest, and river and harbor improvement.

"Public buildings and roads proposed in the plan would range in cost from $50,000 to $1,000,000. Most of the larger power, irrigation and flood-control projects would cost from $1,000,000 to $20,000,000, and only the largest in this group would cost more than $20,000,000.

"The report emphasized the desirability of having projects of varying sizes under construction so that the program could be adapted to whatever post-war conditions arise.

"The war and post-war periods cannot be 'artificially separated,' and emergency projects should be made to fit long-term needs, according to the report.

"It is the duty of the Board, the 116-page report said, 'to act as a clearing house' in co-ordinating planning by legislative, Federal, State and local agencies, and by civic and private groups. Each phase of group planning is taken up separately.

" 'National growth can no longer be left to chance,' the report said, and the mobilization of the country's resources for war has forced recognition of the necessity for post-war planning and taught new methods of cooperation for the full use of resources. The period of peace, it said, offers the greatest opportunity for combining these principles and newly found methods to create for the world's peoples 'a greater development than we have ever known.' "

Lumber Movement Week Ended May 1, 1943

According to the National Lumber Maufacturers Association, lumber shipments of 446 mills reporting to the National Lumber Trade Barometer exceeded production by 10.3% for the week ended May 1, 1943. In the same week new orders of these mills were 23.3% greater than production. Unfilled order files in the reporting mills amounted to 101% of stocks. For reporting softwood mills, unfilled orders are equivalent to 38 days' production at the current rate, and gross stocks are equivalent to 38 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 16.1%; orders by 20.2%.

Compared to the average corresponding week of 1935-39 production of reporting mills was 19.9% greater; shipments were 19.7% greater, and orders were 37.1% greater.

Trading On New York Exchanges

The Securities and Exchange Commission made public May 8 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended April 24, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended April 24 (in round-lot transactions) totaled 1,747,424 shares, which amount was 16.93% of the total transactions on the Exchange of 5,158,750 shares. This compares with member trading during the week ended April 17 of 2,714,760 shares or 19.15% of total trading of 7,087,690 shares. On the New York Curb Exchange, member trading during the week ended April 24 amounted to 606,690 shares, or 15.84% of the total volume of that Exchange of 1,914,760 shares; during the April 17 week trading for the account of Curb members of 423,985 shares was 15.15% of total trading of 1,398,805 shares.

The Commission made available the following data for the week ended April 24.

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	944	686
1. Reports showing transactions as specialists	173	80
2. Reports showing other transactions initiated on the floor	187	51
3. Reports showing other transactions initiated off the floor	205	92
4. Reports showing no transactions	484	482

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED APRIL 24, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	106,950	
‡Other sales	5,051,800	
Total sales	5,158,750	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	397,290	
Short sales	50,840	
‡Other sales	326,420	
Total sales	377,260	7.51
2. Other transactions initiated on the floor—		
Total purchases	328.500	
Short sales	8,500	
‡Other sales	288,970	
Total sales	297,470	6.06
3. Other transactions initiated off the floor—		
Total purchases	202.115	
Short sales	13,560	
‡Other sales	131,229	
Total sales	144,789	3.36
4. Total—		
Total purchases	927,905	
Short sales	72,900	
‡Other sales	746,619	
Total sales	819,519	16.93

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED APRIL 24, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	13,580	
‡Other sales	1,901,180	
Total sales	1,914,760	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	155,415	
Short sales	6,270	
‡Other sales	126,435	
Total sales	132,705	7.52
2. Other transactions initiated on the floor—		
Total purchases	125.510	
Short sales	3.600	
‡Other sales	114,410	
Total sales	118.010	6.36
3. Other transactions initiated off the floor—		
Total purchases	37,700	
Short sales	100	
‡Other sales	37,250	
Total sales	37,350	1.96
4. Total—		
Total purchases	318.625	
Short sales	9,970	
‡Other sales	278,095	
Total sales	288,065	15.84
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	50,957	
Total purchases	50,957	
Total sales	39,385	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Market Value Of Stocks On New York Stock Exchange Higher On April 30

The New York Stock Exchange announced on May 7 that as of the close of business April 30, there were 1,236 stock issues, aggregating 1,468,918,529 shares listed on the Stock Exchange, with a total market value of $46,192,361,639. This compares with 1,239 stock issues aggregating 1,469,456,426 shares, with a total market value of $45,845,738,377 on March 31 and with 1,241 stock issues aggregating 1,469,204,098 shares listed on the Exchange on April 30, 1942, with a total market value of $31,449,206,904.

In its announcement regarding the current figures, the Stock Exchange also said:

"As of the close of business April 30, New York Stock Exchange member total net borrowings amounted to $569,614,299. The ratio of these member borrowings to the market value of all listed stocks, on that date, was therefore 1.23%. As the above figure includes all types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value."

In the following table listed stocks are classified by leading industrial groups with the aggregate market value and average price for each:

Group	—April 30, 1943— Market Value $	Av. Price $	—Mar. 31, 1943— Market Value $	Av. Price $
Amusement	467,385 359	21.43	458,682,119	21.18
Automobile	3,801,269,154	31.42	3,777,583,086	31.51
Aviation	695 573 396	20.78	682,674,850	20.40
Building	532,529.083	25.95	539,475,549	26.28
Business & office equipment	369,757.665	31.35	372,284,144	31.56
Chemical	5,964,284,428	62.56	6,009,096,712	63.05
Electrical equipment	1,569,096,555	39.01	1,595,693,480	39.74
Farm machinery	739,874,447	56.49	750 149 610	57.25
Financial	951,188 818	18.92	945,604,765	18.69
Food	2,919,852,055	31.27	2,877,240,156	30.82
Garment	43.559 837	26.03	45,517,158	27.20
Land & realty	27,339,892	5.62	26,162,237	5.38
Leather	215,413 924	25.62	217,663,692	25.88
Machinery & metals	1,617,817,015	23.65	1,637,253,916	23.94
Mining (excluding iron)	1,474.114.434	25.10	1,536,487,198	26.16
Paper & publishing	450,765,213	19.99	438,999,295	19.47
Petroleum	5 505,439,125	28.81	5,467,898,486	28.42
Railroad	3.663 941,178	32.28	3,568,614,888	31.33
Retail merchandising	2,322,226,928	31.90	2,286,231,969	31.41
Rubber	528,282,619	50.50	511,969,290	48.45
Ship building & operating	109,302,281	22.93	112,552,278	23.61
Shipping services	15,414,760	8.94	12,803,303	7.42
Steel, iron & coke	2,193,757 737	43.51	2,245,807,415	44.85
Textiles	469,419 872	33.01	446,747,272	31.70
Tobacco	1,189,862,276	44.25	1,183,550,635	44.01
Utilities:				
Gas & electric (operating)	2,005,679.434	21.67	1,978,788,904	21.38
Gas & electric (holding)	994,114,008	10.38	928,785,558	9.69
Communications	3,427,842.425	81.97	3,270,422,896	78.21
Miscellaneous	98,226,390	13.36	97,071,883	13.20
U. S. companies oper. abroad	726,118,934	21.40	698,058,855	20.57
Foreign companies	968,196,055	23.93	996,528,800	24.63
Miscellaneous businesses	134,716,342	22.95	129,337,978	22.03
All Listed Stocks	46,192,361,639	31 45	45,845,738,377	31.20

We give below a compilation of the total market value and the average price of stocks listed on the Exchange:

	Market Value $	Average Price $
1940—		
Dec. 31	41,890,646,959	28.80
1941—		
Jan. 31	40,279,504,457	27.68
Feb. 28	39,398,228,749	27.08
Mar. 31	39,696,269,155	27.24
Apr. 30	37,710,958,708	25.78
May 31	37,815,306,034	25.84
June 30	39,607,836,569	27.07
July 31	41,654,256,215	28.46
Aug. 30	41,472,032,904	28.32
Sept. 30	40,984,419,434	28.02
Oct. 31	39,057,023,174	26.66
Nov. 29	37,882,316,239	25.87
Dec. 31	35,785,946,533	24.46
1942—		
Jan. 31	36,228,397,999	24.70
Feb. 28	35,234,173,432	24.02
Mar. 31	32,844,183,750	22.36
Apr. 30	31,449,206,904	21.41
May 29	32.913.725.225	22.40
June 30	33,419,047,743	22.73
July 31	34,443,805,860	23.42
Aug. 31	34,871,607,323	23.70
Sept. 30	35,604.809,453	24.20
Oct. 31	37,727,599,526	25.65
Nov. 30	37,374,462,460	25.41
Dec. 31	38,811,728,666	26.39
1943—		
Jan. 30	41,410,585,043	28.16
Feb. 27	43.538,661,753	29.61
Mar. 31	45,845,738,377	31.20
Apr. 30	46.192,361,639	31.45

Finished Steel Shipments By Subsidiaries Of U. S. Steel Corporation Fell Off In April

Shipments of finished steel products by subsidiary companies of the United States Steel Corporation for the month of April, 1943, amounted to 1,630,828 net tons, compared with 1,772,397 net tons in the preceding month, a decrease of 141,569 net tons, and with 1,758,894 net tons in the corresponding month in 1942, a decrease of 128,066 net tons.

For the year 1943 to date, shipments were 6,780,810 net tons compared with 6,895,312 net tons in the comparable period of 1942, a decrease of 114,502 net tons.

In the table below we list the figures by months for various periods since January, 1929:

	1943	1942	1941	1940	1939	1929
January	1,685,993	1,738,893	1,682,454	1,145,592	870,866	1,364,801
February	1,691,592	1,616,587	1,548,451	1,009,256	747,427	1,388,407
March	1,772,397	1,780,938	1,720,366	931,905	845,108	1,605,510
April	1,630,828	1,758,894	1,687,674	907,904	771,752	1,617,302
May	------	1,834,127	1,745,295	1,084,057	795,689	1,701,874
June	------	1,774,068	1,668,637	1,209,684	607,562	1,529,241
July	------	1,765.749	1,666,667	1,296,887	745,364	1,480,008
August	------	1,788,650	1,753,665	1,455,604	885,636	1,500,281
September	------	1,703,570	1,664,227	1,392,838	1,086,683	1,262,874
October	------	1,787,501	1,851,279	1,572,408	1,345,855	1,333,385
November	------	1,665,545	1,624,186	1,425,352	1,406,205	1,110,050
December	------	1,849,635	1,846,036	1,544,623	1,443,969	931,744
Total by mos.	------	21,064,157	20,458,937	14,976,110	11,752,116	16,825,477
Yearly adjust.	------	------	*42,333	37,639	*44,865	*12,827
Total	------	------	20,416,604	15,013,749	11,707,251	16,812,650

*Decrease.

NOTE—The monthly shipments as currently reported during the year 1942, are subject to adjustments reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on May 8 a summary for the week ended May 1 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended May 1, 1943

	Total for Week
Odd-Lot Sales by Dealers: (Customers' purchases)	
Number of Orders	19.617
Number of Shares	576.251
Dollar Value	19,901,174
Odd-Lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	192
*Customers' other sales	21,025
Customers' total sales	21,217
Number of Shares:	
Customers' short sales	5,101
*Customers other sales	573,139
Customers' total sales	578,240
Dollar value	17,104,720
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	210
†Other sales	154,860
Total sales	155,070
Round-Lot Purchases by Dealers—	
Number of shares	174,740

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Nicaragua To Pay Off Commercial Debt

The following advices were contained in a special cablegram to the New York "Times" from Managua, Nicaragua, May 4:

"Nicaragua's Minister of the Treasury, Ramon Sevilla, has requested Col. Irving Lindberg, Collector General of Customs and High Commissioner and Fiscal Agent for the country's frozen commercial debt, to arrange to pay off before June 30 the entire debit covered by the contract with the Foreign Trade Council, Inc., of New York, now amounting to more than $500,000 and held by American, Canadian and British nationals.

"The debt contract, signed in 1938, was to run eight years, and full payment in June means cancellation more than three years prior to the final due date. This, it is asserted, indicates the good financial condition of the republic and reflects the high business and moral ethics of the Nicaraguan Government. Funds for payment of the debt were made available by a tax of 10% on imported merchandise."

Warns Of Oil Crisis—Agency Rule Blamed

Senator E. H. Moore (R., Okla.), at the mid-year meeting of the Independent Petroleum Association of America held on May 8, asserted that the oil industry was so poorly managed under the direction of Government agencies an oil shortage crisis may develop, according to an Associated Press dispatch from St. Louis, Mo.

In a prepared address before the meeting, he was quoted as saying: "It would be a very grave development were we to find ourselves with an inadequate supply of oil on which depends so vitally civilization itself."

In another address, Representative Clarence F. Lea (D. Calif.), a member of the House Oil Investigating Committee, listed shortages of manpower and materials and an inadequate price ceiling as three major handicaps of the oil industry.

Items About Banks, Trust Companies

At a meeting of the Trustees of the United States Trust Company of New York held May 6, James M. Trenary was appointed Secretary in addition to his present duties as Vice-President.

The First National Bank of Wilkes-Barre, Pa., announces the death of its President, William H. Conyngham, on April 25.

The Union Bank of Commerce, Cleveland, in its report for the 12 months ended April 30, 1943, shows deposits of $92,641,469, of which $15,016,243 represented a deposit in the U. S. Government War Loan Deposit account. The bank had deposits of $13,786,184 when it started operating five years ago. The original capital contribution of shareholders was $7,000,000 but since organization $442,434 has been added to surplus and undivided profits and $657,961 added to reserves. The increment, thus, as reflected by the books of the bank, is $1,100,395, it was explained by Oscar L. Cox, President of the institution in his report to shareholders. Liquidity of the bank, Mr. Cox added, continues high and now with deposits in a more favorable ratio to invested capital, earning power has improved without impairment of liquidity.

In a letter accompanying the report informing shareholders of the annual meeting on May 26, Mr. Cox said that the financial results of the operation of the bank are improving, with earnings for the first four months of 1943 totaling $132,707, of which $48,982 was allocated to reserves. He added that total deposits have increased approximately 23% and deposits excluding public funds have increased approximately 14%.

The Farmers State Bank of Stryker, Stryker, Ohio, has been admitted to membership in the Federal Reserve System, it was announced on May 6 by M. J. Fleming, President of the Federal Reserve Bank of Cleveland. The bank was organized in 1926 with a capital of $25,000 and now has total deposits in excess of $500,000. Roy E. Oberlin is President of the institution.

M. J. Fleming, President of Federal Reserve Bank of Cleveland, on May 1 announced the admission of the following banks to membership in the Federal Reserve System: Farmers State Savings Bank, Delta; Farmers State Bank Co., Fayette; Farmers State Bank of McClure, and Peoples State Bank, Wauseon.

Regarding the new member banks, the announcement stated:

The Farmers State Savings Bank of Delta was organized in 1900 as The Farmers National Bank with a capital of $25,000. Because of restrictions applying to national banks on farm mortgage loans the bank was converted to a State chartered bank in 1914. In 1921 the capital was increased to $50,000. Surplus of the bank is slightly in excess of half that amount and its total deposits are in the neighborhood of $850,000. The bank is the oldest incorporated bank in Fulton County.

The Farmers State Bank of Fayette was organized in 1906, with a capital of $12,500. In 1912 the capital was increased to $25,000, and in 1920 again increased to $50,000. Surplus at the present is $34,000 and the deposits of the bank approximate $1,000,000.

The Farmers State Bank of McClure (Henry County) was organized in 1917, with a capital of $25,000. In 1919 capital was increased to $35,000. Surplus is now $22,500, and deposits in excess of $750,000.

The Peoples State Bank of Wauseon was organized in 1889 as a private bank with a capital of $15,000. In 1906 the bank was reorganized as a State bank using the name of The Peoples State Bank, with a capital of $50,000 and surplus of $20,000. In 1910 the capital of the bank was increased to $100,000. Surplus now equals the capital, and deposits are approximately $2,500,000.

The Mutual Trust and Deposit Co., New Albany, Ind., became a member of the Federal Reserve Bank of St. Louis on May 3. The new member, chartered in 1904, has a capital of $194,000, surplus of $6,000, and total resources of $2,565,683. Its officers are H. A. Barth, Chairman of the Board and Vice-President; Frank P. Clipp, President; Addison R. Rue, Cashier-Secretary-Treasurer; Harry F. Harter, Assistant Secretary-Treasurer, and Edmund E. Magness, Assistant Cashier.

Grant Ration Banking Liability Insurance Coverage To Bank

Liability insurance coverage for banks protecting them against claims or suits by their ration banking customers for damages sustained under the operation of the ration banking plan is now included under the general liability policies issued by member companies of the National Bureau of Casualty and Surety Underwriters, the Mutual Casualty Insurance Rating Bureau and the American Mutual Alliance, it was announced on April 28 by the Insurance and Protective Committee of the American Bankers Association.

No additional premiums for this extra coverage will be charged by the insurance companies, nor will endorsements by the companies of individual general liability policies now in force be required, said the ABA announcement, which added:

"Following conferences between the Association's Committee and representatives of the insurance companies' bureaus, the bureaus circularized their member companies, authorizing them 'to construe general liability policies as covering Ration Banking Plan liability, without additional premium charge and without issuance of endorsements.' The companies thereupon forwarded to their bureaus letters granting the additional coverage for ration banking as it is now organized and operated.

"An analysis of ration banking conducted by the A. B. A.'s Insurance and Protective Committee and the Office of Price Administration showed that little, if any, liability is created for the banks taking part in the ration banking plan. Ration banking, however, has no precedent from which actual liability risk of the banks could be ascertained, and to eliminate any doubts, the A. B. A. Committee cooperated with the casualty insurance bureaus in adding this coverage to general liability policies. The companies granted this extension of protection as a further contribution to the war effort.

"Prior to this action, a separate policy specifically designed to cover ration banking liability to customers had been issued by the Indemnity Insurance Company of North America. Following the action of the insurance bureaus, authorizing their members to include ration banking coverage in their regular policies, this company announced that it would refund all premiums paid by banks which had already bought the special policy and offered to endorse its general liability policies, at the request of the banks it insures, to include ration banking liability without payment of additional premium."

Savings Banks Assets Stronger, Nadler Says

The outlook for large institutional investors was explored on May 7 by Dr. Marcus Nadler, Professor of Finance, New York University and consultant Central Hanover Bank and Trust Co., New York. Speaking in New York before the business meeting of the National Association of Mutual Savings Banks, he said:

"The investment problem of the savings banks divides logically into two phases: How to invest new deposits and how to handle existing investments. The first problem relatively is simple. The savings banks will continue to be buyers of Government securities, particularly those designed especially for them, and for insurance companies. In buying long-term Government bonds they do not incur any particular risk of depreciation because, so far as one can foresee, no material change in interest rates is likely.

"The handling of existing investments is more complicated. Very often savings banks are inclined not to sell corporate securities because of the satisfactory return and because of the inability to obtain an equally satisfactory return from new securities. Now is the time for savings banks to analyze their so-called credit bonds as carefully as possible. Obligations of those corporations of which the management has made a serious and successful effort to strengthen their financial position should be retained. All others should be gradually liquidated.

"In handling mortgages and real estate owned by the savings banks, it should be borne in mind that the post-war period may witness a great building boom. As is well known, new homes tend to decrease the value of older ones. Mortgages, upon the whole, particularly upon small and medium-sized family homes, as well as medium-priced apartments, are safe investments for savings banks provided they carry adequate amortization. The outlook for luxury homes and high-priced apartments is not favorable, to say the least. It also is quite possible that in the post-war period the efforts that will be made to reduce the cost of distribution may have an adverse effect upon commercial property. Assets of the savings banks are stronger and more liquid today than ever before in their long history."

Nat'l Chamber Favors Trade Acts Renewal

The Chamber of Commerce of the United States, at the concluding session of its meeting in New York City on April 29, approved a resolution endorsing the proposal before Congress for renewal of the Reciprocal Trade Agreements Act. Adopted by the Resolutions Committee by a vote of 34 to 11, it was held, however, that there should be appropriate safeguards in legislative provisions for ample public notice and open hearings and clauses in the agreements providing for the modification or withdrawal of concessions in order to prevent serious injury to domestic producers.

The Chamber adopted another trade resolution holding that as soon as war conditions permit, it should be the objective of the Government to pursue a policy that will maintain and increase the volume of export trade and foreign business transactions of American enterprises. All foreign trade controls should be administered through one agency and should be removed as soon as possible after the war in the interest of private business.

Wartime Distribution Analysis To Be Basis Of War Credit Congress In St. Louis

Analysis of war-stimulated distribution problems will be the underlying subject engaging the attention of delegates to the War Credit Congress being jointly sponsored in St. Louis, May 25-27, by the St. Louis Association of Credit Men and the National Association of Credit Men. Over 1,500 delegates representing manufacturing, wholesaling and banking firms throughout the country are expected to attend.

Among speakers already listed for the various sessions there will be Carle C. Conway, Chairman of the Board and President, Continental Can Co.; Ralph W. Carney, Vice-President, Coleman Lamp & Stove Co., Wichita, Kan.; C. Scott Fletcher, General Sales Manager of the Studebaker Corp., South Bend, Ind., who will represent the Committee for Economic Development, Washington, D. C., of which he is Director of Field Development, and George Sokolsky, author, columnist and radio commentator.

The keynote address of the War Credit Congress will be delivered by Henry H. Heimann, Executive Manager-on-Leave of the Association, at the opening session on May 25. Mr. Heimann's subject will be "Credit, Today and Tomorrow."

Besides the general sessions of the War Credit Congress, which will be devoted to consideration of present and post-war business problems, there will be 26 special Industry Credit Group conferences utilizing the entire day, Wednesday, May 26th. In these specialized meetings credit executives will take part in programs designed to develop a better understanding of the problem of credit losses, improvement of credit techniques and rationalization of credit department organization.

Money And Securities War Damage Liability

The aggregate liability of policies issued by the War Damage Corporation under its money and securities program in the continental United States as of March 31, 1943, was $2,456,669,000, it was announced on May 2 by Secretary of Commerce Jesse Jones.

In Washington advices of May 2 to the New York "Journal of Commerce," it was reported:

The Corporation's money and securities program became effective on Dec. 21, 1942, and the form of policy (WDC Form No. 1(a)) provides for the following types of coverage for money and securities:

Coverage A, within "preferred vault" at specified locations; coverage B within any "safe" or "vault" at specified locations; coverage C within any specified "premises" or within any specified "custodians;"

Coverage D, while in transit or otherwise outside of the foregoing for business purposes (excluding mail or express transit).

According to the figures released by the Secretary of Commerce, aggregate liability of the corporation for coverage of money which was stated to be $237,658,000 is divided between the foregoing coverages as follows:

Coverage A, 40%; coverage B, 13%; coverage C, 30%; coverage D, 17%.

Similarly, aggregate liability of the corporation on securities which was stated to be $2,219,011,000 is divided as follows:

Coverage A, 77%; coverage B, 3%; coverage C, 9%; coverage D, 11%.

Total liability was divided as follows:

Coverage A, 73%; coverage B, 4%; coverage C, 11%; coverage D, 12%.

States Are Listed

The ten States having the largest concentration of liability are the following:

New York, $863,840,000; Massachusetts, $215,190,000; Connecticut, $172,246,000; Pennsylvania, $152,468,000; New Jersey, $133,909,000.

Also Maryland, $96,107,000; California, $89,335,000; District of Columbia, $68,996,000; Michigan, $63,337,000; Illinois, $47,781,000.

The ten cities having the largest concentration of liability are the following:

New York, $837,863,000; Boston, $136,841,000; Philadelphia, $129,024,000; Baltimore, $95,477,000; Newark, $62,932,000.

Also Detroit, $61,479,000; Los Angeles, $53,087,000; Chicago, $44,585,000; St. Louis, $40,997,000; Providence, $30,106,000.

Total net premiums collected by War Damage Corporation under money and securities policies, outstanding as of March 31, 1943, was approximately $405,000.

A previous item on this coverage appeared in our issue of March 25, page 1114.

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